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Transcript Exhibit(s)

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Docket #(s): W-01982A-14-0009

Arizona Corporation Commission

DOCKETED

APR 29 2014

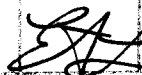
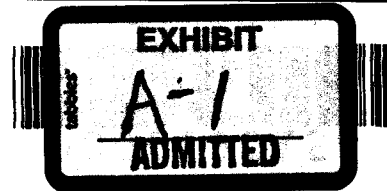
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Exhibit #: A1, S1

NEW APPLICATION



White Hills Water Company Inc.
P O Box 30626
Mesa, AZ 85275

ORIGINAL

January 10, 2014

W-01982A-14-0009

Docket Control Center
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona

Attached is an application by White Hills Water Company Inc for reinstatement of CC&N in units 3,4 & 6 and new CC&N for units 1 and specific lots in unit 5 of Golden Horseshoe Ranchos subdivision, White Hills, AZ, 86445. The purpose of this application is to bring the system into compliance with ACC rules & regulations.

Unit 1 has in fact been operating and, been regulated by ACC and ADEQ, since 1998 without proper CC&N in place. Infrastructure has been installed to the specific lots in Unit 5 by the developer in anticipation of selling those lots 'with water'.

A handwritten signature in cursive script that reads "Janice E. Arthur".

Janice E. Arthur
Co-owner

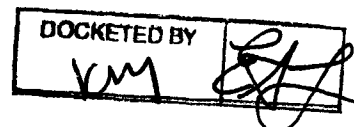
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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

JAN 10 2014



**APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY
WATER**

The legal name, mailing address and telephone number of the Applicant (Company) is:

White Hills Water Company Co., Inc., P O Box 30626, Mesa AZ 85275 480-981-0559

Doing business (d.b.a.) under a name other than the Applicant (Company) name listed above, specify

N/A

List the full name, mailing address and telephone number of the management contact:

V. David & Janice E. Arthur, 2829 E. Fairfield St., Mesa AZ 85213 480-981-0559

List the full name, mailing address and telephone number of the attorney for the Applicant:

No attorney

List the full name, mailing address and telephone number of the operator certified by the Arizona Department of Environmental Quality who is or will be working for the Applicant:

Kelly L. Grunder 1619 De Angeles, Bullhead City, AZ 86442 928-704-1866

List the full name, mailing address and telephone number of the on-site manager of the utility:

The Applicant is a:

No on-site manager – only a part time employee who reads meters and takes care of small problems.

David Cowen – 8597 W. Mustang Drive, White Hills AZ 86445
Home # 928-767-9478 Cell # 928-323-2469

<input type="checkbox"/> Corporation: <input checked="" type="checkbox"/> "C", <input type="checkbox"/> "S", <input type="checkbox"/> Non-Profit <input checked="" type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership <input type="checkbox"/> Limited, <input type="checkbox"/> General <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Limited Liability Company (LLC)

____ Other (Specify)

F. If Applicant is a corporation:

1 List full names, titles and mailing addresses of all Officers and Directors:

Officers

Janice E. Arthur, Owner/Secretary - 2829 E. Fairfield Street Mesa, AZ 85213

Home/Office 480-091-0559

Cell 480-323-5571

V. David Arthur, Owner/President - 2829 E. Fairfield Street Mesa, AZ 85213

Home/Office 480-091-0559

Cell 928-965-7462

Directors

Janice E. Arthur, Owner/Secretary - 2829 E. Fairfield Street Mesa, AZ 85213

Home/Office 480-091-0559

Cell 480-323-5571

V. David Arthur, Owner/President - 2829 E. Fairfield Street Mesa, AZ 85213

Home/Office 480-091-0559

Cell 928-965-7462

2. Attach a copy of the corporation's "Certificate of Good Standing" issued by the Corporation's Division of the Arizona Corporation Commission. Attachment F.2.pg4
3. Attach a certified copy of the Articles of Incorporation. Attachment F.3.pg4
4. Attach a certified copy of the corporation's By-Laws. No By-laws on record
5. If a for-profit corporation, indicate the number of shares of stock authorized for issue:
98,080
6. If stock has been issued, indicate the number of shares issued and date of issue:
98,080 5/15/1997

H. If the Applicant is a partnership: N/A

1. List the full name and mailing address of the general partners:

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Jodi Jerich, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****WHITE HILLS WATER COMPANY INC.*****

a domestic corporation organized under the laws of the State of Arizona, did incorporate on September 19, 1996.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the abovenamed entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 12th Day of December, 2013, A. D.



Jodi A. Jerich
Jodi A. Jerich, Executive Director

By: *Jan Beyer*

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

The Executive Director of the Arizona Corporation Commission does hereby certify that the attached copy of the following document:

ARTICLES OF INCORPORATION, 09/19/1996

consisting of 5 pages, is a true and complete copy of the original of said document on file with this office for:

WHITE HILLS WATER COMPANY INC.
ACC file number: -0787502-6

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission on this date: December 12, 2013.



Jodi A. Jerich

Jodi A. Jerich, Executive Director

By: *James Bazel*

James Bazel

A Hochmunt F. 3 pg 4

5 pages

ARIZONA CORPORATION COMMISSION
CORPORATIONS DIVISION

Phoenix Address: 1300 West Washington
Phoenix, Arizona 85007-2929

Tucson Address: 400 West Congress
Tucson, Arizona 85701-1347

CERTIFICATE OF DISCLOSURE

A.R.S. §10-202.D

CHECK APPROPRIATE BOX (A OR B)
ANSWER "C"

WHITE HILLS WATER COMPANY INC.
EXACT CORPORATE NAME

THE UNDERSIGNED CERTIFY THAT:

A. No persons serving either by election or appointment as officers, directors, trustees, incorporators and persons controlling or holding over 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation:



1. Have been convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate.
2. Have been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate.
3. Have been or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate wherein such injunction, judgment, decree or permanent order:
 - (a) involved the violation of fraud or registration provisions of the securities laws of that jurisdiction; or
 - (b) involved the violation of the consumer fraud laws of that jurisdiction; or
 - (c) involved the violation of the antitrust or restraint of trade laws of that jurisdiction.

B. For any person or persons who have been or are subject to one or more of the statements in Items A.1 through A.3 above, the following



information MUST be attached:

1. Full name, prior name(s) and aliases, if used.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediate preceding 7-year period).
5. Date and location of birth.
6. Social Security number.
7. The nature and description of each conviction or judicial action, date and location, the court and public agency involved and file or case number of case.

C. Has any person serving as an officer, director, trustee or incorporator of the corporation served in any such capacity or held or controlled over 10% of the issued and outstanding common shares, or 20% of any other proprietary, beneficial or membership interest in any corporation which has been placed in bankruptcy, receivership or had its charter revoked, or administratively or judicially dissolved by any state or jurisdiction?

Yes No ☒

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

1. Name and address of the corporation.
2. Full name (including aliases) and address of each person involved.
3. State(s) in which the corporation: G.J.
 - (a) Was incorporated.
 - (b) Has transacted business.
4. Dates of corporate operation SEP 23 1996

D. The fiscal year end adopted by the corporation is DEC. 31

Under penalties of law, the undersigned incorporator(s)/officer(s) declare(s) that I/(we) have examined this Certificate, including any attachments, and to the best of my/(our) knowledge and belief it is true, correct and complete. THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE

BY Kevin Leonard BY Debbie Leonard

PRINT NAME KEVIN LEONARD PRINT NAME DEBBIE LEONARD

TITLE PRESIDENT DATE 9-17-96 TITLE SECRETARY/TREASURER DATE 9-17-96

DOMESTIC CORPORATIONS: ALL INCORPORATORS MUST SIGN THE INITIAL CERTIFICATE OF DISCLOSURE. If within sixty days, any person becomes an officer, director, trustee or person controlling or holding over 10% of the issued and outstanding shares or 10% of any other proprietary, beneficial, or membership interest in the corporation and the person was not included in this disclosure, the corporation must file an AMENDED certificate signed by at least one duly authorized officer of the corporation.

FOREIGN CORPORATIONS: MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.

EXPEDITED
AZ CORP COMMISSION
FILED

SEP 19 4 05 PM '96

APPR 22
DATE 9-19
TERM
DATE

0789502.6

EXPEDITED
AZ CORP COMMISSION
FILED

SEP 18 2 25 PM '96

APPR
DATE
TERM
DATE

ARTICLES OF INCORPORATION
OF
White Hills Water Company Inc.

ARTICLE I

NAME: The name of the corporation shall be WHITE HILLS WATER COMPANY INC. Its general offices and principal place of business shall be located in Kingman, Mohave County, Arizona, but other offices and places of business may be established, from time to time at such places within and without the State as the Board of Directors may designate.

ARTICLE II

PURPOSE: The purpose for which this corporation is the transaction of any or all lawful business for which corporations may be incorporated under the laws of the State of Arizona, as they may be amended from time to time

ARTICLE III

INITIAL BUSINESS The corporation initially intends. 1. To own, by purchase or otherwise, lease, rent or in any other manner lawfully acquire, and to sell, rent, lease, or assign to any other person, firm, corporation, county, or municipality, pipelines, mains, and all types of materials, for the transportation, delivery and sale of water, and to construct, build, maintain, and operate the same; to buy and sell water and water rights from and to individuals, firms, corporations, counties, or municipalities; to own, operate, maintain, and control such meters and other appliances as may be necessary in conducting its business aforesaid, to buy, own, sell, lease, or rent all such property, real personal, or mixed, including but not limited to wells and well locations as may be necessary in the conduct of its business as a water company 2. To draw, make, issue, execute, deliver, purchase, accept, hold, endorse, assign, transfer, pledge, discount, rediscount, guarantee, warrant, mortgage, and otherwise make, create, acquire, encumber, and dispose of notes, mortgages, bonds, debentures, shares of stock, securities and other evidences of indebtedness, including those of this corporation, and in respect thereto, to exercise all of the rights and privileges of ownership thereof; 3. To borrow money for any and all purposes herein enumerated from banks, other lending institutions or individuals, including the stockholders of this corporation, and to mortgage, assign, pledge, or otherwise encumber any of the property of the corporation as security for the repayment of any or all such loans; 4. To lend money, with or without security for the repayment thereof, at such interest rates and upon such terms for the repayment thereof, as the Board of Directors may determine; 5. To build upon and otherwise improve real property, or finance such improvements by other persons, firms, or corporations; 6. To undertake and conduct any

lawful business or transaction, either alone or in conjunction with any person, firm, or corporation, and in connection therewith and with each and all of the powers and purposes herein-above enumerated to make, execute and deliver any and all documents, and to enter into any and all such contracts and agreements as may become necessary, proper or expedient, it being specifically intended that the enumeration of the several powers and purposes herein set forth shall not be construed to restrict or limit in any manner the general powers and purposes of the corporation, nor shall the expression of any one power or purpose be deemed to exclude another, it being intended that the corporation shall have all such powers necessary, to do and perform all such lawful acts and things and to engage in business transactions of any such nature as, from time to time, the Board of Directors shall deem to be in the best interests of the corporation, whether any such act, thing or business transaction is herein set forth or not.

ARTICLE IV

AUTHORIZED CAPITAL. The capital stock of this corporation shall be One Million Dollars (\$1,000,000 00) divided into One Million shares said stock shall be one (1) Class being Voting Stock of the par value of One Dollar (\$1 00) per share; said stock shall be paid in at such times as the Board of Directors may designate in cash, real or personal property, services, leases, options to purchase or any other valuable right or thing for the use and purpose of the corporation, and all shares of the capital stock, when issued in exchange therefore, shall thereupon and thereby become and be fully paid and the same as though paid for in cash at par, and shall be nonaccessible; and the judgment of the Directors honestly exercised as to the value of any of the real or personal property, services, leases, options, or any other valuable, right or thing acquired in exchange for capital stock shall be conclusive. In the event a stockholder desires to sell or dispose of any of his stock in the corporation he shall, in writing, first offer said stock for sale to the other stockholders of the corporation, and each of them, and shall give them the opportunity to purchase said stock within sixty (60) days after such offer at the book value as reflected by the audit made at the close of the full quarterly period next succeeding the offer to sell; thereafter any of said stock not purchased by the stockholders may be offered and sold to anyone else. The provision shall not be applicable to disposition of stock through will or by law of descent and distribution but shall be binding upon the executor, administrator or other representatives or representative of the estate of any deceased stockholder with reference to any other disposition.

1 2 3 4 5 6 7 8 9 10 11 12

ARTICLE V

STATUTORY AGENT: The name and address of the initial Statutory Agent, a bona fide resident of Arizona for three years is.

Debbie Leonard
HC 37 Box 960
Kingman, Arizona 86413

ARTICLE VI

BOARD OF DIRECTORS: The initial Board of Directors shall consist of 2 Directors.
The persons who are to serve as Directors and are qualified are:

Kevin Leonard and Debbie Leonard
HC 37 Box 960
Kingman, Arizona 86413

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

The Directors are also the incorporators.

Kevin Leonard
Kevin Leonard

Debbie Leonard
Debbie Leonard

Dated this 17th Day of September, 1996.

I, Debbie Leonard, having been designated to act as Statutory Agent, hereby consent to act in that capacity until removed or resignation is submitted in accordance with the Arizona Revised Statutes.

Debbie Leonard
Debbie Leonard

H. If the Applicant is a partnership: N/A

1. List the full name and mailing address of the general partners:

2. List the full name, address and telephone number of the managing partners:

3. Attach a copy of the Partnership's Articles of Partnership.

If the Applicant is a foreign limited partnership, provide a copy of the Partnership's "Certificate of Registration" filed with the Arizona Secretary of State.

- I. If the Applicant is a Limited Liability Company: N/A
1. List the full name and mailing address of all the Applicant's managers or, if management is reserved to the members, the Applicant's members:

2. Attach a copy of the Articles of Organization.

- J. List the legal name and mailing address of each other utility in which the applicant has an ownership interest:

N/A

- K. Attach a description of the requested service area, expressed in terms of **CADASTRAL** (quarter section description) or **Metes and Bounds** survey. References to parcels and docket numbers will not be accepted.

Section 17, T.27N, R. 19 W,
Unit 4

Section 9, T.27N, R. 19W
Unit 3

Section 21, T.27N, R. 19W
Unit 6

The Sections above had CNN's and they were revoked in 2003 because the annual report was not completed. The following are new;

Section 9, T. 27N., R. 20W
Unit 1

Section 19, T.27N., R. 19W
Unit 5

- L. Attach a detailed map using the form provided as Attachment "B". Shade and outline the area requested. Also, indicate any other utility within the general area using different colors.
- M. List the name of each county in which the requested service area is located and a description of the area's location in relation to the closest municipality, which shall be named:

Mohave County – 55 miles north of Kingman, AZ

- N. Attach a complete description of the facilities proposed to be constructed, (Unit 1 system was installed and in operation since 1998) (Units 3,4,6, in operation since 1962) including a preliminary engineering report with specifications in sufficient detail to describe each water system and the principal components of each water system (e.g., source, storage, transmission lines, distribution lines, etc.) to allow verification of the estimated costs

**WHITE HILLS WATER COMPANY
DOCKET NO. W-01982A-13-0285
LEGAL DESCRIPTION**

All of Section 9 (Golden Horseshoe Ranchos Unit 3), all of Section 17 (Golden Horseshoe Ranchos Unit 4) and all of Section 21 (Golden Horseshoe Ranchos Unit 6), Township 27 North, Range 19 West, and all of Section 9 (Golden Horseshoe Ranchos Unit 1) Township 27 North, Range 20 West, of the Gila and Salt River Base and Meridian, Mohave County, Arizona.

That portion of Section 19 (Golden Horseshoe Ranchos Unit 5 – Lots 272 through 307), Township 27 North, Range 19 West, further described as follows:

Beginning at the Northeast corner of said Section 19;

Thence S 00° 00' 30" W a distance of 981.91 feet to a point on the east section line;

Thence West a distance of 35 feet to the northeast corner of Lot 272 and the POINT OF BEGINNING;

Thence West a distance of 232.80 feet to the beginning of a curve to the right having a radius of 2267.63 feet, an angle of 30°, and a tangent direction of S 00° 00' 30" W;

Thence S 30° 00' W a distance of 79.38 feet;

Thence N 60° 00' W a distance of 250 feet;

Thence S 30° 00' W a distance of 117.70 feet to the beginning of a curve to the right having a radius of 1139.36 feet and an angle of 15°;

Thence S 45° 00' W a distance of 490.41 feet to the beginning of a curve to the right having a radius of 30 feet and a length of 77.43 feet;

Thence S 42° 53' W a distance of 508.21 feet;

Thence S 72° 10' W a distance of 237.14 feet;

Thence South a distance of 293.71 feet;

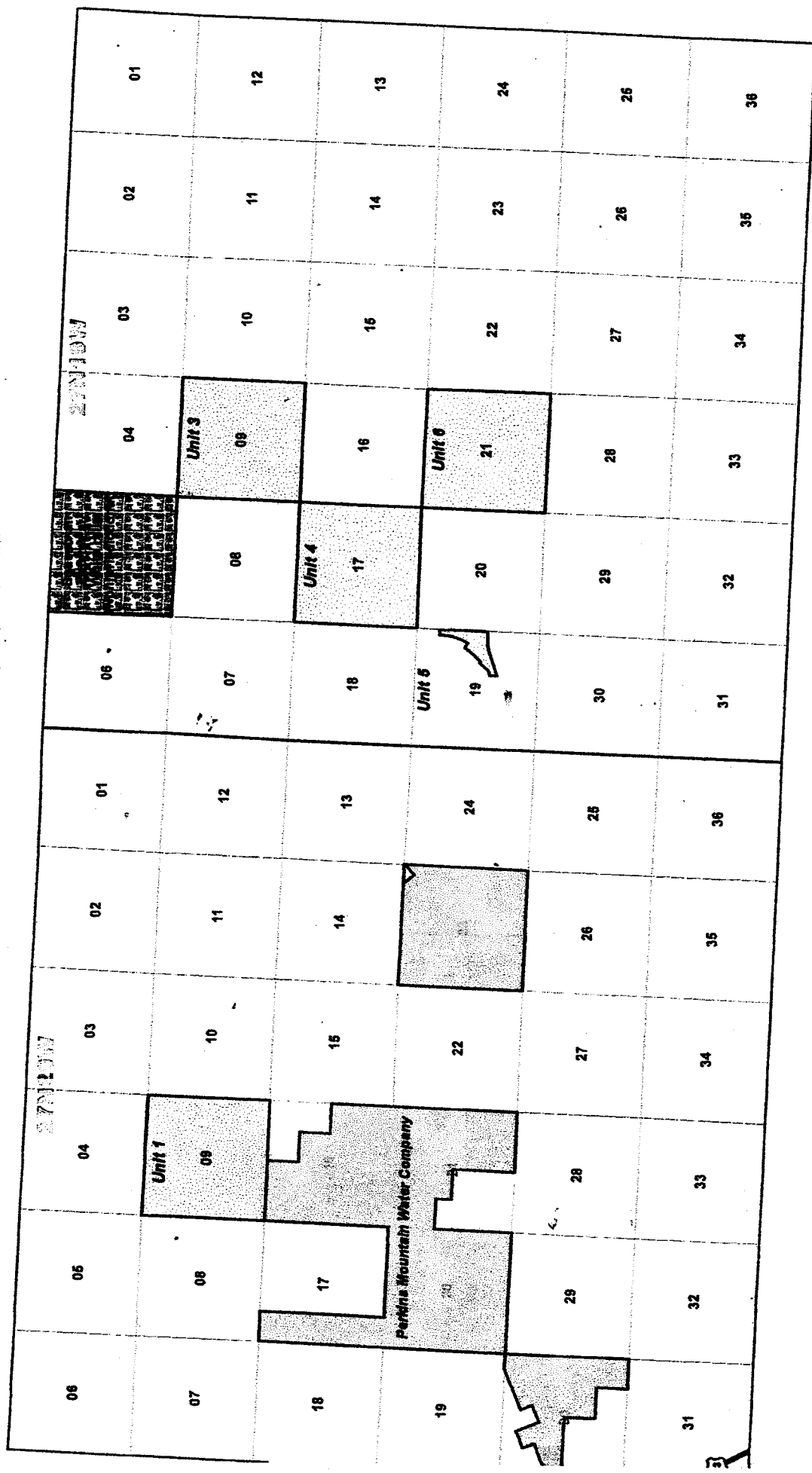
Thence N 72° 10' E a distance of 1150.61 feet to the beginning of a curve to the right having a radius of 1274.75 feet and an angle of 17° 50';

Thence East a distance of 459.00 feet;

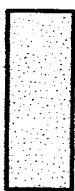
Thence N 01° 14' 30" E a distance of 361.43 feet;

Thence N 00° 00' 30" E a distance of 1682.04 feet, more or less, to the POINT OF BEGINNING.

WHITE HILLS COUNTY



White Hills Water Company
Application for CC&N



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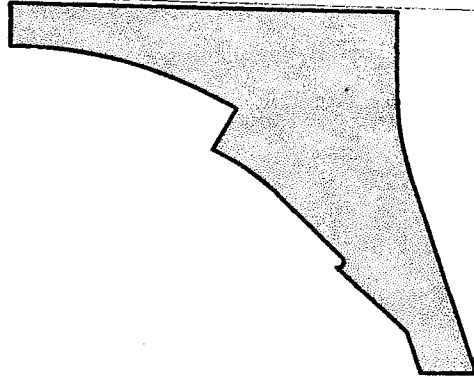
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provided under subsection (B)(5)(o) and verification that the requirements of the Commission and the Arizona Department of Environmental Quality can be met.

* See attachment N.

- O. Provide the estimated total construction cost of the proposed offsite and onsite facilities, including documentation to support the estimates, and an explanation of how the construction will be financed, such as through debt, equity, advances in aid of construction, contributions in aid of construction, or a combination thereof.

N/A - Infrastructure already installed.

Attachment for N (pg 6) of the application

System #08-0149 Referred to as Unit 1 – Section 9,T.27N., R.20W

Completed and in operation since 1998

- As-built engineering maps are available and will be provided to the Staff Engineer assigned to the case. Engineering performed by Mohave Engineering Associates Inc. located in Kingman, AZ.
- Well with pump set to 835 ft.
- 4" Steel Casing
- 5 hp Gould well pump and motor – 230 volt.
- Pump controller
- 2 Pressure tanks
- 1 – AY McDonald pressure pump
- 20,000 gallon storage tank. This was a used tank when placed into service in 1997 and is in need of repair or replacement.
- Fenced area for storage and the well.
- Original pipe and infrastructure were installed to code in 1997-1998

System #08-039 Referred to as Unit 3 – Section 9, T.27N., R.19W
 Unit 4 – Section 17,T.27N., R.19W
 Unit 5 – Section 19,T.27N., R.19W
 Unit 6 – Section 21,T.27N., R.19W

In operation since 1962 - the system (not in compliance) was accepted by ACC and ADEQ as a water system at that time. Lot owners had been allowed to bring water to their lots any way they wanted.

- As-built engineering maps are available and will be provided to the Staff Engineer assigned to the case. Engineering performed by Mohave Engineering Associates Inc. located in Kingman, AZ.
- Well with pump set to 800 ft.
- 4" PVC Casing
- 7.5 hp Gould well pump and motor – 230 volt with an S drive, converts single phase to three phase.
- Pump controller
- 3 pressure tanks
- 2 – 2hp pumps used to pressurize (80PSI) the pressure tanks using a lead lag operation
- 2 – 30,000 gallon epoxy coated steel tanks by Bakersfield Tank (Specifications attached) were installed and placed into service in 2011.
- Fenced area for storage and the well.
- Unit 3 has 2856 ft. of 2" gray electrical conduit buried to approximately 6" which serves 11 customers.
- Unit 4 has 9830 ft. of 6" pipe, 2618 ft. of 4" SID 21, 17,853 ft. of 3" sewer pipe and an unknown amount of 1" and 2" pipe as the Developer of this area allowed lot owners to bring water to their own lots any way they wanted
- A developer installed 6" infrastructure in Unit 5 with the intent of selling lots 'with water'. Due to the economy there have been no sales and the developer is no longer advertising lots for sale.
- Original well is out of service and needs to be redrilled and new pump & motor to be placed back into service.

- P. Explain the method of financing utility facilities. Refer to the instructions, item no. 7. (Use additional sheets if necessary):

N/A All paid except for a balance due for Engineering costs.

- Q Attach financial information in a format similar to Attachment "C". Include current assets and liabilities, an income statement, estimated revenue and expenses and the estimated value of the applicant's utility plant in service for the first five years following approval of the application. N/A

- R. Provide a detailed description of the proposed construction timeline for facilities with estimated starting and completion dates and, if construction is to be phased, a description of each separate phase of construction. N/A

- S Provide a copy of any requests for service from persons who own land within the proposed service area or extension area, which shall identify the applicant by name.

Unit 5, Developer letter attached

Unit 1, Well Acquisition agreement attached

- T. Provide maps of the proposed service area identifying: Engineering maps available upon request.

1. The boundaries of the area, with the total acreage noted;
2. The land ownership boundaries within the area, with the acreage of each separately owned parcel within the area noted;
3. The owner of each parcel within the area;
4. Any municipality corporate limits that overlap with or are within five miles of the area;
5. The service area of any public service corporation, municipality, or district currently providing water or wastewater service within one mile of the area, with identification of the entity providing service and each type of service being provided;
6. The location within the area of any known water service connections that are already being provided service by the applicant;
7. The location of all proposed developments within the area;
8. The proposed location of each water system and the principal; and
9. The location of all parcels for which a copy of a request for service has been submitted.

- U. Provide a copy of each notice to be sent, as required, to a municipal manager or administrator. N/A not near a municipality

- V. A copy of each notice sent, as required, to a landowner not requesting service. N/A

08/06/2013

White Hills Water Company Inc.
2829 E. Fairfield Street
Mesa, AZ 85213-5453

Dave Arthur,

I Request White Hills Water Company Inc to furnish water to my lots located in Golden Horseshoe Ranchos Unit 5 Subdivision of Section 19 T.27H R.19W Mohave County, Arizona
Listed below are the lot's requesting Water Service:

CHICAGO TITLE INSURANCE COMPANY

LEGAL DESCRIPTION

EXHIBIT "ONE"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF MOHAVE, STATE OF ARIZONA AND IS DESCRIBED AS FOLLOWS:

LOTS 96 through 101, LOTS 104 through 108, LOTS 110 through 119, LOTS 122 through 129, LOTS 133 through 143, LOTS 225 through 270, and LOTS 272 through 307, GOLDEN HORSESHOE RANCHOS, UNIT 5, according to the plat thereof, recorded February 6, 1962, at Fee No. 109771, in the office of the County Recorder of Mohave County, Arizona.

EXCEPT all oil, gas, coal and minerals as reserved in Deed recorded in Book 86 of Deeds, page 49.

John Morally- Managing Member
Century Land Holdings, LLC
250 S Pacific St #108
San Marcos, Ca 92078
760-419-9603

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of SAN DIEGO

On AUGUST 6, 2013 before me, PAMELA MALICKI
(Here insert name and title of the officer)

personally appeared JOHN MORALLY

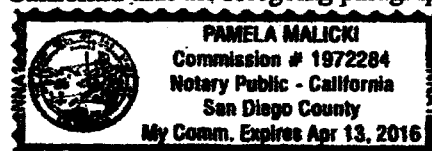
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Pamela Malicki
Signature of Notary Public

(Notary Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date _____

(Additional information)

CAPACITY CLAIMED BY THE SIGNER

- ☐ Individual (s)
☐ Corporate Officer

(Title)

- ☐ Partner(s)
☐ Attorney-in-Fact
☐ Trustee(s)
☐ Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they- is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary)
- Securely attach this document to the signed document

WELL ACQUISITION AGREEMENT

BETWEEN

V. DAVID ARTHUR and JANICE E. ARTHUR, his wife

AND

**GOLDEN HORSESHOE RANCHES
LANDOWNERS ASSOCIATION**

January 8th, 1997

WELL ACQUISITION AGREEMENT

THIS WELL ACQUISITION AGREEMENT, entered into as of this 8th day of January, 1997, by and between V. DAVID ARTHUR and JANICE E. ARTHUR, his wife, hereinafter collectively referred to as the "Owner" and GOLDEN HORSESHOE RANCHES LANDOWNERS ASSOCIATION hereinafter referred to as the "Developer," is for the purchase and sale of utility plant necessary to provide water utility service to GOLDEN HORSESHOE RANCHES LANDOWNERS ASSOCIATION, UNIT I (hereinafter called the "Development").

WITNESSETH:

WHEREAS, Owner is or will be the owner and operator of White Hills Water Company, Inc., hereinafter referred to as the "Company"; and

WHEREAS, Company owns and operates a public service corporation and holds, or will apply for, a Certificate of Convenience and Necessity from the Arizona Corporation Commission (Commission) authorizing it to serve the public with water; and

WHEREAS, Developer is developing property within the certificated area of the Company, which Development is more fully described in Attachment 1 hereto; and

WHEREAS, the Company does not presently own or operate a water production or distribution system able to serve the Development; and

WHEREAS, Owner will make the Facilities, as hereinafter described, available to the Company for the purpose of providing water utility service to the Development.

NOW, THEREFORE, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. **Utility Plant.** The Owner will acquire under this Agreement the water utility plant described on Attachment 2, attached hereto and incorporated herein by this reference for all purposes (the "Facilities"), which Facilities will be subsequently utilized pursuant to an agreement between the Owner and the Company to provide water utility service to the Development.

2. **Cost.** The value of the Existing Facilities as described on Attachment 2 is agreed to be \$36,182.53.

3. Payment. In consideration of the Developer conveying the Facilities, the Owner agrees that he will invest sufficient funds in the Company at the time necessary to permit the Company to install approximately thirty-three hundred (3,300) linear feet of six inch water main, including all valves and appurtenant facilities, along Hitching Post Drive, hereinafter referred to as the "Transmission Main", and additionally install four inch lateral water distribution lines, including all valves and appurtenant facilities, in the following streets within the Development: (1) Indian Peak, (2) Santa Bella, (3) Bonanza, (4) Broken Bow, (5) Saddleback, (6) Palomino, (7) Coronel and (8) Rocking Horse, hereinafter referred to as the "Lateral Mains". The obligation of the Owner for installation of Lateral Mains shall not exceed a total of seven thousand (7,000) linear feet. The Developer shall deliver to the Company a Bill of Sale, substantially in the form of Attachment 3, attached hereto and incorporated herein by this reference for all purposes.

4. Well Site. Developer is the Lessee under a 100 year lease for the Well Site, a 75 foot by 75 foot parcel in the Northwest corner of Lot 543 within the Development. The parties to that Lease, and the Company, have entered into an Assignment of Lease of even date herewith assigning all rights under that Lease to the Company. It is agreed by the parties that that Assignment of Lease will be recorded with the Mohave County Recorder.

5. Service. The Facilities are being acquired primarily for the purpose of providing domestic water service to the Development. However, under certain operating conditions, those facilities may provide limited fire protection service to an appropriate fire protection agency contracting with the Company for such service.

6. Parcels to be Served. The lots identified in Attachment 1 hereto, and facing those streets identified in Paragraph 3 above, shall be served from the Facilities upon payment by the Lot owner of the Service Line & Meter Installation Charges authorized in the Company's tariff, as that tariff may be changed from time to time upon application of the Company and as approved by the Commission. Other parcels within the Development may receive service, subject to the making of refundable advances under line extension agreements in accordance with Company tariffs and as approved by the Commission or its designated representative.

7. Company Liability Limitations. It is understood by the Developer that the Company does not have, and the Developer will not install under this Agreement, facilities capable of providing fire flow to the Development. Therefore, it is expressly understood by the Developer that THE COMPANY DOES NOT GUARANTEE OR INSURE UNINTERRUPTED OR REGULAR FIRE PROTECTION SERVICE, NOR DOES THE COMPANY REPRESENT THE PRESENCE OF ADEQUATE PRESSURE, VOLUME, OR FIRE FLOW AVAILABLE ON THE SYSTEM BY OFFERING WATER SERVICE AS SPECIFIED HEREIN.

It is agreed that in the event service from the fire hydrants or an interior fire sprinkler system is used for non-fire protection purposes, or is interrupted or is irregular or defective or fails

from causes beyond the Company's control or through negligence or alleged negligence of its employees, servants or agents, the Company shall not be liable for any injuries or damages arising therefrom. Further, the Company shall have neither the responsibility nor the liability for any use or disposition of fire hydrant or fire sprinkler water, even if such use or disposition is attributable, or is alleged to be attributable to the negligence of the Company's employees, agents or servants. The Developer, or any other person who succeeds to Developer's interest, REGARDLESS OF WHETHER SUCH PERSON HAS KNOWLEDGE OR NOTICE OF THESE TERMS, shall make no claim against the Company for any such loss or damage resulting from services provided under this Agreement or the applicable service tariff. The Company shall be entitled to recover its reasonable attorneys' fee should the Developer fail to comply with this provision.

In consideration for the Company providing this limited fire protection service with less than adequate storage and transmission facilities, the Developer agrees TO HOLD HARMLESS AND INDEMNIFY THE COMPANY from and against any and all liability, loss, damage or expense the Company may incur as a result of claims, demands, costs or judgments against the Company including, but not limited to injury or death of persons, arising, directly or indirectly, out of the Company's providing fire protection service, or any activities or operations related thereto, or any breach by the customer of the terms, covenants or conditions of this Agreement. This provision applies to and regardless of any negligence or alleged negligence on the part of the Company, its employees, servants or agents.

8. Uncontrollable Forces. Neither Party shall be considered to be in default in the performance of any of its obligations hereunder when a failure of performance shall be due to Uncontrollable Forces. The Party claiming failure of performance shall promptly contact the other Party and provide written notice that an Uncontrollable Force has caused failure of performance. The term "Uncontrollable Forces" shall mean any cause beyond the control of the Party unable to perform its obligation, including, but not limited to, acts of God, failure of or threat of immediate failure of facilities, explosions, flood, drought, earthquake, storm, fire, pestilence, lightning and other natural catastrophes, epidemic, war, riot, civil disturbance or disobedience, strike, labor disturbance, dispute or unrest of whatever nature, labor, material or fuel shortage, sabotage, restraint by court order or public authority and action or non-action by or inability to obtain the necessary authorizations or approvals from any governmental agency or authority, which by exercise of due diligence such Party could not reasonably have been expected to avoid and which by exercise of due diligence it has been unable to overcome.

9. Applicable Rates. It is mutually understood and agreed that the charges for water services to said Development shall be at the applicable rates of the Company which are currently on file with the Arizona Corporation Commission. Those rates are subject to change from time to time upon application of the Company and as approved by the Commission.

10. Permits and Licenses. The Company agrees to obtain all licenses and permits from public authorities which may be required for the construction of facilities under this Agreement. The Company shall file applications for, or use its best efforts to obtain, the Certificate of

Convenience and Necessity for the Development from the Commission and an appropriate franchise from the Mohave County Board of Supervisors.

11. Easements. Prior to the commencement of construction, the Developer shall obtain from the owners of the property upon which the subject facilities and the described Lateral Mains will be constructed, a perpetual easement for the construction, operation and maintenance of water lines, mains and appurtenant facilities, in the name of the Company, and in a form acceptable to the Company.

12. Title. All materials installed, facilities constructed and equipment provided in connection with construction of facilities under this Agreement and the completed facilities as installed shall become the sole property of the Company, and full legal and equitable title thereto shall be then vested in the Company, free and clear of any liens, without the requirement of any written document of transfer to the Company or acceptance by the Company. Developer agrees to execute or cause to be executed promptly such documents as counsel for the Company may request to evidence good and merchantable title to said facilities free and clear of all liens.

13. Commencement of Performance and Time of Completion. It is estimated that the Company shall start the work to be performed under this Agreement on March 1, 1997. The balance of the Transmission and Lateral Mains will be installed as required for service within 30 days of all customers identified in Attachment 1 hereto requesting service from the Company. The construction is conditioned upon: the Company receiving the necessary governmental permits and licenses and obtaining easements pursuant to Paragraphs 10 and 11 above, and the Company encountering no extraordinary construction conditions. It is mutually understood and agreed that these commencement and completion dates are estimates only and no liability shall arise from failure to complete the facilities in accordance with said estimated dates.

14. Additional Facilities. It is understood by the Developer that the Company may, at its option and in its sole discretion, build or install facilities larger than those described in Attachment 2. The additional cost of those facilities, over and above the cost set forth in Attachment 2, shall be borne by the Company or assigned to another development.

15. Miscellaneous. This Agreement may not be modified or amended except by a writing signed by both parties. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and expressly supersedes and revokes all other prior or contemporaneous promises, representations and assurances of any nature whatsoever with respect to the subject matter hereof. The remedies provided in this Agreement in favor of the Owner shall not be deemed its exclusive remedies but shall be in addition to all other remedies available at law or in equity. No waiver by the Owner of any breach by Developer of any provision of this Agreement nor any failure by the Owner to insist on strict performance by Developer of any provision of this Agreement shall in any way be construed to be a waiver of any

future or subsequent breach by Developer or bar the right of the Owner to insist on strict performance by Developer of the provisions of this Agreement in the future. Developer is an independent contractor and not an agent or employee of the Owner. This Agreement shall inure to the benefit of, be binding upon, and be enforceable by the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

V. David Arthur
V. DAVID ARTHUR

Janice E. Arthur
JANICE E. ARTHUR

"Owner"

GOLDEN HORSESHOE RANCHES
LANDOWNERS ASSOCIATION

By R. McHale
Its PRESIDENT

"Developer"

ATTACHMENT 1

MAP AND LEGAL DESCRIPTION OF DEVELOPMENT

[specify unit densities and type]

Lots 363, 365, 367, 389, 415, and 502 within GOLDEN HORSESHOE RANCHES UNIT I, a subdivision located in Section 9, Township 27 North, Range 20 West G&SRB&M, Mohave County, Arizona.

ATTACHMENT 2

CONSTRUCTION COST ESTIMATE

Existing Facilities

1. Well (8 5/8" diameter, 835 feet deep, with steel casing to 835 feet) ADWR File No. B (27-20) 9 ACC, Registration No. 55-551185
2. 20,000 gallon storage tank
3. 5 hp submersible pump (in well)
4. Electric panel
5. Pump control panel

\$36,182.53

Total Facilities Cost

\$36,182.53

W. For each landowner not requesting service, provide either the written response received from the landowner or, if no written response was received, a description of the actions taken by the applicant to obtain a written response. N/A

X. Attach proposed Tariffs using either the water or sewer format of Attachment "D", unless the Utilities Division, prior to the filing of this application, approves another form.

Tariff effective 2/85

Attachment X1

Y. Attach the following permits:

1. The franchise from either the County for the area requested. Attachment Y1
2. The Arizona Department of Environmental Quality (or its designee's) approval of construct.
3. The Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.) N/A
4. Any U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your requested area this approval is needed.) N/A
5. (WATER ONLY) If the area requested is within an Active Management Area, attach a copy of the utility's Designation of an Assured Water Supply, or the developer's Certificate of Assured Water Supply issued by the Arizona Department of Water Resources, whichever applies.
 - a. If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources, if applied for by the developer. (See Mardian and Rhoades Adequacy Statement)
 - b. If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detail to prove that adequate water exists to provide water to the area requested.

DWAR PAD letter attached. Attachment Y5

6. Provide a copy of your estimated property taxes. This may be obtained by contacting the Arizona Department of Revenue, Division of Property Valuation and Equalization. You must provide them with a five (5) year projection of the original cost of the plant, depreciation expense, the location of the property and the school district.

Actual 2013 Property Tax Bills included

Attachment Y6

TARIFF-SCHEDULE

Utility : WHITE HILLS WATER CO., INC. Tariff Sheet No.: 2
Docket No. : U-1982 - 84-150 Decision No. : 54305
Effective : 02/85
2/1/86

RATES & CHARGES

Residential

Monthly Service Rate:

<u>Minimum</u>	<u>Gallons</u>	
5/8 x 3/4"	\$ <u>19.00</u>	For <u>1,000</u>
3/4"	\$ _____	For _____
1"	\$ _____	For _____
1 - 1 1/2"	\$ _____	For _____
2"	\$ _____	For _____
3"	\$ _____	For _____
4"	\$ _____	For _____
5"	\$ _____	For _____
6"	\$ _____	For _____
\$ <u>10.50</u>	Per <u>1,000</u>	Gallons in Excess of Minimum

Commercial

Monthly Service Rate:

<u>Minimum</u>	<u>Gallons</u>	
5/8 x 3/4"	\$ _____	For _____
3/4"	\$ _____	For _____
1"	\$ _____	For _____
1 - 1 1/2"	\$ _____	For _____
2"	\$ _____	For _____
3"	\$ _____	For _____
4"	\$ _____	For _____
5"	\$ _____	For _____
6"	\$ _____	For _____
\$ _____	Per _____	Gallons in Excess of Minimum

Flat Rate _____ Per Month

SERVICE LINE & METER INSTALLATION CHARGES

5/8 x 3/4" \$ 100.00 3/4" \$ 120.00 1" \$ 160.00 1 - 1 1/2" \$ 300.00 2" \$ 400.00

SERVICE CHARGES

Establishment	\$ <u>5.00</u>	Re-establishment	<u>see below</u>
After Hour	\$ <u>25.00</u>	(within 12 months)	
Reconnection (delinquent)	\$ <u>5.00</u>	NSF Check	\$ <u>10.00</u>
Meter Test	<u>actual</u> cost	Deferred Payment	_____
*Deposit	_____	Re-read	\$ <u>2.50</u>

*(if other than provided for in Rules and Regulations)

Other Charges As Specified By Order:

**Re-establishment Number of months x minimum less value of water

**Unmetered customers:

All usage per gallon.....\$0.0105
Delivery charge per Truck Load (500 gals.).....\$ 2.50

Attach X-1

**FRANCHISE AGREEMENT
and
FRANCHISE
for
PUBLIC SERVICE CORPORATIONS**

Date of Franchise: 03-10-1997
Franchise No: _____
Term of Franchise: 25 years
Renewal Date Option: 03-10-2022

This is a Franchise Agreement between the County of Mohave, State of Arizona, and White Hills Water Company, authorizing the location, construction, maintenance and operation of Water system within the unincorporated areas of Mohave County. This Franchise specifically grants to White Hills Water Company the privilege of using the Public Rights-of-Way and Easements of Mohave County in accordance with established policies, practices, and procedures of Mohave County and its several departments.

RECITALS

WHEREAS, the Mohave County Board of Supervisors has the duty and responsibility to protect the health, safety and welfare of the residents of Mohave County; and

WHEREAS, the Mohave County Board of Supervisors has the duty and responsibility to assure that Public Rights-of-Way and Easements of Mohave County are used in a responsible manner consistent with the best interests of the residents of Mohave County; and

WHEREAS, the Mohave County Board of Supervisors strives to authorize the use of the Public Rights-of-Way and Easements of Mohave County in a uniform manner among all users; and

WHEREAS, the Mohave County Board of Supervisors deems this form of Franchise Agreement and Franchise to be fair, reasonable and appropriate for Public Service Corporations;

NOW, THEREFORE, the Mohave County Board of Supervisors and White Hills Water Company do hereby state, promise and agree as follows:

SECTION 1. DEFINITIONS.

As used in this Franchise Agreement and Franchise, the following terms have been agreed to have the meanings indicated:

- A. "Agreement" means this Franchise Agreement and Franchise.
- B. "Area of Jurisdiction" means that part of Mohave County for which this Franchise is granted.
- C. "Board" means the Mohave County Board of Supervisors.
- D. "County" means Mohave County, Arizona.
- E. "Emergency" means any occurrence that may arise without prior notice to Franchisee.
- F. "Franchise" means this Franchise Agreement and Franchise.
- G. "Franchisee" means White Hills Water Company.
- H. "Franchising Authority" means the Mohave County Board of Supervisors.
- I. "Franchise Property" means all materials, equipment, and facilities of Franchisee located, constructed, maintained, and/or operated in the Public Rights-of-Way and Easements of Mohave County pursuant to the terms and conditions of this Franchise Agreement and Franchise.
- J. "Gross Annual Receipts" means any compensation derived from any Subscriber or User in payment for delivery of a product or services from Franchisee. This meaning shall not include any taxes collected by Franchisee and transmitted to a governmental agency, and it shall not include any amounts collected by Franchisee by virtue of the Franchise Fee provisions of this Franchise.
- K. "Intergovernmental Agreement" means the joint exercise of powers authorized by Title 11, Chapter 7, Article 3 of Arizona Revised Statutes.
- L. "Public Rights-of-Way and Easements" means that real property located within unincorporated areas of Mohave County within which the Mohave County Board of Supervisors has the power and authority to grant a Franchise.
- M. "Rights-of-Way and Easements" shall mean the surface of, the space above, and the space below the Public Rights-of-Way and Easements reasonably necessary to construct, operate, and maintain the Franchise Property.

N. "Service Area" means the unincorporated areas of Mohave County in which the Franchisee delivers the service for which this Franchise is granted.

O. "Subscriber or User" means any person or entity receiving, for any purpose, the services of the Franchisee.

Section 2. GRANTING OF FRANCHISE.

A non-exclusive Franchise is hereby granted to Franchisee for the purpose of locating, constructing, and maintaining Franchise Property in the unincorporated area of Mohave County. This Franchise shall include the authority, privilege, and power to construct, operate, and maintain all necessary Franchise Property in, over, under, across, and upon the Public Rights-of-Way and Easements consistent with the terms and conditions of this Franchise.

Section 3. TERM OF FRANCHISE.

This Franchise shall be for an initial term of twenty five (25) years beginning on the date of Board approval. This term may be extended only by reapplication and grant of an extension. Application for an extension shall be submitted to the Board no sooner than three hundred sixty-five (365) days, nor later than one hundred twenty (120) days, prior to the expiration date of this Franchise.

Section 4. TERMS AND CONDITIONS.

This Franchise shall be subject to the following conditions:

A. This Franchise shall not be deemed to limit the authority of the Board to include other conditions or restrictions which may be necessary for the protection of the health, safety and welfare of the residents of the County and/or for the efficient administration of the Rights-of-Way and Easements in general.

B. This Franchise is non-exclusive.

C. The Board has granted this Franchise in reliance upon the Franchisee's business skill, reputation, financial capacity, and character. Accordingly, this Franchise and/or any interest hereunder, shall not be assigned, transferred, conveyed, or otherwise encumbered without the express written consent of the Board. Failure of performance by the Franchisee of any of the terms and conditions of this Franchise may be cause for termination of this Franchise pursuant to Section 16 of this Agreement.

D. No privilege or exemption shall be granted or inferred unless specifically set forth in this Franchise.

E. Any privilege claimed under this Franchise by the Franchisee in any Right-of-Way or Easement shall be subordinated to any prior lawful occupancy of the Right-of-Way or Easement.

F. Prior to commencing any activity authorized by this Franchise, the Franchisee shall submit plans and specifications for such activity to the County Public Works Director for approval; provided, however, whenever Franchisee is required to undertake emergency activities required to protect the health, safety and welfare of the public and/or the safety and reliability of the Franchise Property, Franchisee shall notify the County Public Works Director not later than twenty four (24) hours after notice of the emergency; and provided further, however, should such emergency present an immediate threat or danger to the health, safety and welfare of the public, Franchisee shall notify the County Manager or the County Public Works Director or the County Emergency Services Coordinator or the Chairman of the Board within one (1) hour of notice of the emergency.

G. Any failure of the Board, or its agents, to promptly enforce compliance of the terms and/or conditions of this Franchise shall not be deemed a waiver of such terms and/or conditions.

H. The Franchisee shall have no recourse against the Board or its agents for any loss, cost, expense, or damage arising out of any term, condition or enforcement of this Franchise.

I. The Franchisee shall be subject to all County rules, regulations and/or specifications pertaining to the use of Public Rights-of-Way and Easements which may be adopted from time to time by the Board.

J. Prior to the grant of this Franchise by the Board, and annually thereafter, Franchisee shall submit to the Board a complete financial statement that reflects the current financial status of the Franchisee and a list of names and addresses of proprietors, owners, or beneficial shareholders who hold more than a ten percent (10%) interest in the corporation, organization, or regulated entity.

SECTION 5. RECORDS TO BE KEPT AND MAINTAINED; REPORTS; INSPECTION OF RECORDS.

A. Franchisee shall prepare and furnish to the Board, or its agents, such reports and records of its operations, affairs, transactions and/or property as the Board deems necessary or appropriate for the enforcement of performance by the Franchisee according to the terms and conditions of this Franchise.

B. Franchisee shall keep and maintain within the County, and make available for County inspection upon reasonable request, full and complete plans and records showing the exact location of all Franchise Property installed and/or in use in the Public Rights-of-Way and Easements.

C. Franchisee shall file with the County Public Works Director, on or before the 31st day of December of each year, a map and/or a set of plans showing all Franchise Property installed and/or in use in the Public Rights-of-Way and Easements current as of the immediately preceding November 30th.

D. Franchisee shall keep its Franchise Property in good operating condition, and Franchisee shall cause all customer complaints to be duly investigated and, where the circumstances warrant, corrected within a reasonable period of time. Records reflecting such complaints, and the time and manner in which they are resolved, shall be maintained by the Franchisee for at least one (1) year and shall be made available for inspection by the Board or its agents upon reasonable request.

SECTION 6. INSTALLATION STANDARDS.

A. Franchisee shall be responsible for meeting all County, State, Federal, and local installation standards.

B. Any other provision of this Franchise notwithstanding, all installations of Franchise Property shall be made in a safe and workmanlike manner and maintained in good condition at all times. Except for the conduct of normal construction and repair activities, all such installations of Franchise Property shall be approximately placed so as not to interfere in any manner with the rights of the public or individual property owners and shall not interfere with the use of public property by the public and shall not obstruct or impede traffic. The Board reserves the right of regulation of the erection and construction of any Franchise Property, by Franchisee and its agents or employees, and to designate where such Franchise Property shall be placed. Franchisee agrees to make changes in its plans, specifications and/or Franchise Property to conform with all requirements of the Board.

C. Franchisee shall be responsible for obtaining all necessary licenses, certificates, permits and approvals from all government authorities having jurisdiction over the activities to be conducted under this Franchise.

SECTION 7. UNDERGROUND LINES.

Franchisee shall, at its own expense, place its lines underground in areas which it serves where telephone and electric power lines are, or are required to be, underground.

SECTION 8. LOCATION OF FRANCHISE PROPERTY.

Franchise Property shall be constructed or installed in Public Rights-of-Way and Easements of the County only at such locations and in such manner as shall be approved by the Board or its agents. Construction or installation of Franchise Property shall be in accordance with all Federal, State, and County laws and regulations.

SECTION 9. REPAIR OF ROADS, STREETS, RIGHTS-OF-WAY AND EASEMENTS.

Franchisee shall, at its own expense, promptly repair and restore any and all roads, streets, sidewalks or other public and/or private property altered, damaged, or destroyed by Franchisee in exercising the privileges granted herein to Franchisee.

SECTION 10. FAILURE TO PERFORM AS REQUIRED IN SECTION 9 ABOVE.

A. Upon failure of Franchisee, and its agent or employees, to complete any work required by this Franchise, the Board or its agents may notify Franchisee of non-compliance by registered mail. Franchisee shall have fourteen (14) days from the receipt of the notice to complete the repairs or to enter into an agreement with the Board and/or its agents for the completion of the repairs.

B. If, in the opinion of the County Director of Public Works and/or the County Manager, the failure to repair or complete construction presents a serious and immediate danger to the public health, safety and welfare, they, separately or together, may take immediate action to mitigate the damage. All costs associated with such actions will be the sole responsibility of Franchisee, and Franchisee shall reimburse the County for such costs within thirty (30) days after receipt of an itemized bill.

SECTION 11. REMOVAL AND ABANDONMENT OF FRANCHISE PROPERTY.

A. In the event the use of any Franchise Property is discontinued for a continuous period of twelve (12) months and Franchisee is unable to reasonably demonstrate the usefulness of such Franchise Property for future use, Franchisee shall either remove such Franchise Property or abandon such Franchise Property in place.

B. In the event Franchise Property is installed in violation of any requirements of this Franchise, and Franchisee fails to take reasonable measures to cure such violation within thirty (30) days after written notice of such violation, Franchisee shall either remove such Franchise Property or abandon such Franchise Property in place.

C. Franchise Property to be abandoned in place shall be abandoned in accordance with applicable law. Upon abandonment of Franchise Property in place, Franchisee shall submit to the Board an instrument satisfactory to the Board transferring the ownership of such Franchise Property to the County.

SECTION 12. CHANGES REQUIRED BY PUBLIC IMPROVEMENTS.

Franchisee shall, at its own expense, protect, support, temporarily disconnect, relocate in the same street, alley or public place, any Franchise Property when required by the Board or its agents by reason of County public improvements; provided, however, Franchisee shall have the right to abandon Franchise Property as provided in Section 11 above.

SECTION 13. INDEMNIFICATION OF COUNTY.

Franchisee shall defend the County against all claims for injury to any person or property caused by the negligence of Franchisee, its agents and/or employees, in the construction or operation of Franchise Property, and, in the event of a determination of liability, shall indemnify the County, the Board, its agents and/or employees. More particularly, Franchisee, its successors and assigns, does hereby agree to indemnify and hold harmless the County, the Board and/or its agents and employees, from any and all liability, claim, demand or judgment arising out of any injury to any person or property as a result of a violation or failure on the part of Franchisee, its successors and assigns, to observe their proper duty or because of negligence in whole or in part arising out of the construction, repair, extension, maintenance, or operation of Franchise Property of any kind or character used in connection with this Franchise.

SECTION 14. LIABILITY INSURANCE REQUIRED.

Franchisee agrees that, at all times during the existence of this Franchise, Franchisee will carry a minimum of \$1,000,000 in excess liability insurance on a combined single limit basis above any permitted self-insured retention. Self-insured retention shall be permitted so long as Franchisee continues to report to the Securities and Exchange Commission of the United States a Total Assets amount in excess of \$100,000,000. The insurance coverage required by this Section shall be provided by one or more insurers permitted under Title 20 or Arizona Revised Statutes to transact insurance business. Further, Franchisee shall provide, to the Clerk of the Board of Mohave County, a Certificate of Insurance naming the County, the Board and/or its agents and employees as additional insured. The Certificate will provide for notification to the Clerk of the Board of Mohave County prior to any change in said policy, or cancellation of said policy, for any reason including nonpayment of premiums.

SECTION 15. FRANCHISE FEE.

A. Franchisee shall pay to the County an annual Franchise Fee in an amount equal to two percent (2%) of Franchisee's Gross Annual Receipts derived from the operation of Franchise Property so long as the Board shall have the authority to levy a Franchise Fee. Further, Franchisee shall not be required to pay to the County any other Franchise fee or Permit fee in connection with this Franchise. There shall be no offsets for any other taxes or assessments, i.e., sales tax, fuel tax, personal property tax, general ad valorem property tax, special assessments for local improvements or any other tax or assessment not directly related to the use of the Public Rights-of-Way and Easements that may be required of Franchisee by any governmental agency.

B. The annual Franchise Fee shall be paid no later than the first (1st) day of May following each calendar year during the term of this Franchise. All such payments shall be made to the Mohave County Finance Department, P.O. Box 7000, Kingman, Arizona 86402-7000. So long as the Board shall have the authority to levy a Franchise Fee, failure to pay such Franchise Fee by the first (1st) day of May following the calendar year is a material breach of this Franchise Agreement and is subject to the termination provisions of Section 16 hereinafter.

C. The Board shall have the right to inspect and audit all Franchisee's books and records which may be necessary in determining Franchisee's Gross Annual Receipts derived from the use of the Public Rights-of-Way and Easements and the right of audit and recomputation of any amount paid under this Section; provided, however, that the right of recomputation shall be limited to the two (2) calendar years immediately preceding the initiation of any such audit. Financial statements required by this Franchise Agreement for each calendar year shall be submitted annually on or before April 15 of each year. No acceptance of any payment shall be construed as a release or accord and satisfaction of any claim the County may have for further or additional sums payable under this Section or for the performance of any obligation under this Franchise Agreement.

D. The percentage of Gross Annual Receipts set forth in this Section and the insurance requirements set forth in Section 14 above shall be subject to reevaluation by the Board every fifth year of this Franchise; provided, however, that no reevaluation shall occur so long as Franchisee continues to report to the Securities and Exchange Commission of the United States a Total Assets amount in excess of \$100,000,000. If reevaluation of the amounts due under this Section or the insurance requirements set forth in Section 14 above should result in a dispute between the parties, the dispute shall be presented to a neutral Arbitration Board for decision and settlement. The Arbitration Board shall consist of either one person mutually acceptable to the parties to this Franchise Agreement or to the American Arbitration Association. In the event of arbitration, the parties shall each pay their individual costs for such arbitration. The standard procedures and policies of arbitration shall apply in all cases.

SECTION 16. TERMINATION.

A. This Franchise Agreement and Franchise may be terminated by the mutual consent of the Board and the Franchisee evidenced by a writing.

B. This Franchise Agreement and Franchise, and all rights granted hereunder, may be terminated by the Board upon any breach of the terms and conditions hereof by Franchisee and Franchisee's failure to undertake reasonable measures to cure such breach within thirty (30) days subsequent to Franchisee's receipt of written notice of such breach. Written notice shall be by registered mail.

SECTION 17. OTHER PROVISIONS.

Franchise shall keep a copy of its current Tariffs applicable to Subscribers or Users in Mohave County on file with the Clerk of the Board of Mohave County.

SECTION 18. RESERVATION OF POWERS.

A. There is hereby reserved to the Board every right and power which is required to be reserved and Franchisee, by its acceptance of this Franchise, agrees to be bound thereby and to comply with any action or requirements of the Board in its exercise of any such right of power enacted or established.

B. Neither the granting of this Franchise nor any of the provisions contained herein shall be construed to prevent the Board from granting any identical, or similar, Franchise to any person or corporation other than Franchisee.

SECTION 19. SEVERABILITY.

In the event any provision of this Agreement is rendered inoperative by virtue of the entry of a final judgment of a Court of competent jurisdiction, such event shall not affect any other provision of this Agreement that can be given effect without such inoperative provision and, for this purpose, the provisions of this Agreement are hereby declared to be severable.

SECTION 20. OFFICIAL NOTICES.

Notices concerning this Franchise Agreement and Franchise shall be sent to:

FOR THE COUNTY:

Clerk of the Board
Mohave County
P.O. Box 7000
Kingman, AZ 86402-7000
602-753-0729

FOR FRANCHISEE:

V. David Arthur
White Hills Water Company
1106 Hwy 95
Bullhead City, AZ 86429
520-754-8101

SECTION 21. EFFECTIVE DATE.

This Franchise shall take effect upon the date of approval by the Board.

Approved by the Mohave County Board of Supervisors this 10 day
of March, 1999.

For the Board:

Carol S. Anderson
Chairman of the Board

Accepted for Franchisee:

V. David Arthur

Approved as to form:

[Signature]
County Attorney

ATTEST:



JANICE K. BREWER
Governor



SANDY FABRITZ-WHITNEY
Director

ARIZONA DEPARTMENT of WATER RESOURCES
3550 North Central Avenue, Second Floor
Phoenix, Arizona 85012-2105
602.771.8500
azwater.gov

September 27, 2013

Janice E. Arthur
P.O. Box 30626
Mesa, AZ 85275

RE: White Hills Water Co. Inc., Mohave County, Arizona
Application for a Physical Availability Determination
ADWR #52-700770.0000

Dear Mrs. Arthur:

The Department has completed its review of your application for a Physical Availability Determination for White Hills Water Co. Inc. The Department received the application on September 27, 2013. The study area consists of Township 27 North, Range 19 West, Sections 09, 17, 19 and 21 as well as Township 27 North, Range 19 West, Section 09, GSR B&M in Mohave County, Arizona.

In accordance with A.A.C. R12-15-702(D), the Department has determined that a minimum of 134 acre-feet per year of groundwater is physically available for 100 years under A.A.C. R12-15-716(B) for adequate water supply purposes in the study area. With regard to water quality for the purpose of A.A.C. R12-15-719(A), the provider must be regulated by the Arizona Department of Environmental Quality. With regard to water quality for the purpose of A.A.C. R12-15-719(B), the study area is not located within one mile of any known WQARF or Superfund site.

The results of the Department's review fulfill the requirements of R12-15-702(C) and may be cited in applications for determinations of adequate water supply. Those applications have certain additional requirements based on the adequate water supply criteria referenced in A.R.S. § 45-108 and A.A.C. R12-15-701, et seq. For further information on those requirements, please contact the Office of Assured and Adequate Water Supply at (602) 771-8599.

As with all Physical Availability Determinations issued by the Department, changes in conditions or the accuracy of assumptions and information used in demonstrating physical availability may affect the validity of this determination. Changes in the number or locations of wells may impact applicability of this determination to future applications for determinations of adequate water supply.

Y5 1/2

White Hills Water Co. Inc.
September 27, 2013
Pg. 2 of 2

If you have any questions regarding this Physical Availability Determination, please contact the Office of Assured & Adequate Water Supply at (602) 771-8599.

Sincerely,



Andrew J. Craddock, Manager
Recharge, Assured & Adequate Water Supply Programs

AJC/jd

cc: via electronic mail:

Linda Taunt, Arizona Department of Environmental Quality
Blessing Chukwu, Arizona Corporation Commission

Y5 2012



MOHAVE COUNTY

2013 PROPERTY TAX STATEMENT

Cindy Landa Cox, Treasurer
(928) 753-0737



Legal Description: OPERATING CVP PROPERTY
Situs Address:

WHITE HILLS WATER COMPANY
MR V DAVID ARTHUR
PO BOX 30626
MESA AZ 85275

For payment options and instructions, see reverse side of this statement or visit our website at www.mohavecounty.us - Popular Services - All Property Tax Data.

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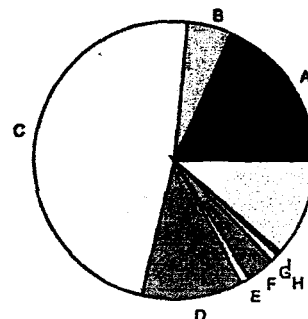
To pay by credit card, go to www.mohavecounty.us or call 1-855-814-6451 or 1-888-891-6064.

Make your check payable to and mail to: **Mohave County Treasurer**
PO Box 53078
Phoenix AZ 85072-3078

PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE		SECONDARY TAX RATE PER \$100 ASSESSED VALUE		
94300400	0400	8.2718		2.2073		
ASSESSMENT	VALUE IN DOLLARS	ASSTMT	ASSESSED VALUE	EXEMPT	TAX RATE	TAX
LIMITED PROPERTY VALUE	2061	19.50	402	0	8.2718	33.25
LIMITED PERSONAL PROP VALUE	96039	19.50	18728	0	8.2718	1549.15
LIMITED PROPERTY VALUE TOTAL	98100		19130	0		1582.40
FULL CASH VALUE	2061	19.50	402	0	2.2073	8.87
FULL CASH PERSONAL PROP VALUE	96039	19.50	18728	0	1.7073	319.77
FULL CASH VALUE TOTAL	98100		19130	0		328.64

2013 TAX SUMMARY	
Primary Tax	1582.40
LESS: State Aid	.00
Net Primary Tax	1582.40
Secondary Tax	328.64
Special District	.00
TOTAL TAX DUE	1911.04

2012 TAXES	2013 TAXES	JURISDICTION	TELEPHONE #S	% of TAX
339.92	348.10	MOHAVE COUNTY	(928) 753-0735	A 18.22%
88.10	98.00	STATE SCHOOL TAX EQUALIZATION	(602) 542-5885	B 5.13%
719.00	915.84	KINGMAN USD #20	(928) 753-5678	C 47.92%
204.56	220.46	MOHAVE COMMUNITY COLLEGE	(928) 757-0810	D 11.54%
18.68	19.14	FIRE DIST ASSIST FUND-	(928) 753-0735	E 1.00%
60.44	61.90	MOHAVE COUNTY LIBRARY DISTRICT	(928) 692-5717	F 3.24%
2.02	2.02	MOHAVE COUNTY FLOOD CONTROL DI	(928) 757-0910	G 0.11%
16.20	16.60	MO CO TV CID	(928) 753-0729	H 0.87%
9.34	9.56	WESTERN AZ VOCATION ED DIST	(928) 753-0747	I 0.50%
211.68	219.42	SD #20 SCHOOL BONDS		J 11.48%
1688.94	1911.04	TOTAL		100%



THANK YOU

MOHAVE COUNTY THANKS YOU FOR
PAYING YOUR TAXES ON TIME!

Y6-194



MOHAVE COUNTY 2013 PROPERTY TAX STATEMENT

Cindy Landa Cox, Treasurer
(928) 753-0737



Legal Description: GOLDEN HORSESHOE RANCHOS UNIT 4 LOT 537
Situs Address: 8559 W WHITE HILLS BLVD

ARTHUR V DAVID & JANICE CPWRS
2829 E FAIRFIELD ST
MESA AZ 85213

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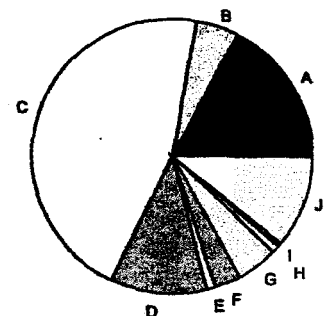
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PO Box 53078
Phoenix AZ 85072-3078

PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE		SECONDARY TAX RATE PER \$100 ASSESSED VALUE	
32906530	0400	8.2718		2.2073	
ASSESSMENT		VALUE IN DOLLARS	ASSTMT%	ASSESSED VALUE	TAX
LIMITED PROPERTY VALUE		11347	16.00	1816	0
LIMITED PERSONAL PROP VALUE		0	0.00	0	0
LIMITED PROPERTY VALUE TOTAL		11347		1816	0
FULL CASH VALUE		11347	16.00	1816	0
FULL CASH PERSONAL PROP VALUE		0	0.00	0	0
FULL CASH VALUE TOTAL		11347		1816	0

2013 TAX SUMMARY	
Primary Tax	150.22
LESS: State Aid	.00
Net Primary Tax	150.22
Secondary Tax	40.08
Special District	.00
TOTAL TAX DUE	190.30

2012 TAXES	2013 TAXES	JURISDICTION	TELEPHONE #S	% of TAX
33.04	33.04	MOHAVE COUNTY	(928) 753-0735	A 17.36%
8.58	9.30	STATE SCHOOL TAX EQUALIZATION	(602) 542-5695	B 4.89%
88.90	86.94	KINGMAN USD #20	(928) 753-5678	C 45.68%
19.88	20.94	MOHAVE COMMUNITY COLLEGE	(928) 757-0810	D 11.00%
1.82	1.82	FIRE DIST ASSIST FUND	(928) 753-0735	E 0.96%
5.88	5.88	MOHAVE COUNTY LIBRARY DISTRICT	(928) 682-5717	F 3.09%
9.08	9.08	MOHAVE COUNTY FLOOD CONTROL DI	(928) 757-0810	G 4.77%
1.58	1.58	MO CO TV CID	(928) 753-0729	H 0.82%
.90	.92	WESTERN AZ VOCATION ED DIST	(928) 753-0747	I 0.48%
20.58	20.82	SD #20 SCHOOL BONDS		J 10.94%
171.24	190.30	TOTAL		100%



THANK YOU

MOHAVE COUNTY THANKS YOU FOR
PAYING YOUR TAXES ON TIME!

Y6 2014



MOHAVE COUNTY 2013 PROPERTY TAX STATEMENT

Cindy Landa Cox, Treasurer
(928) 753-0737



Legal Description: T27N R19W SEC 9 GOLDEN HORSESHOE
RANCHOS UNIT 3 LOT 522
Situs Address:

JANDA INC
WHITE HILLS WATER CO DBA
PO BOX 30626
MESA AZ 85275

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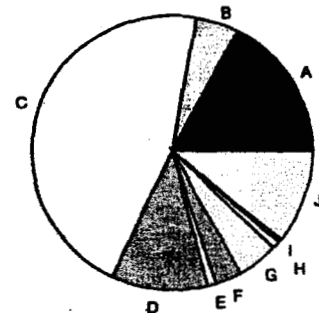
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Make your check payable to and mail to: **Mohave County Treasurer**
PO Box 53078
Phoenix AZ 85072-3078

PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE		SECONDARY TAX RATE PER \$100 ASSESSED VALUE		
32905517	0400	8.2718		2.2073		
ASSESSMENT	VALUE IN DOLLARS	ASSTMT%	ASSESSED VALUE	EXEMPT	TAX RATE	TAX
LIMITED PROPERTY VALUE	11097	16.00	1776	0	8.2718	146.92
LIMITED PERSONAL PROP VALUE	0	0.00	0	0	.0000	.00
LIMITED PROPERTY VALUE TOTAL	11097		1776	0		146.92
FULL CASH VALUE	11097	16.00	1776	0	2.2073	39.22
FULL CASH PERSONAL PROP VALUE	0	0.00	0	0	.0000	.00
FULL CASH VALUE TOTAL	11097		1776	0		39.22

2013 TAX SUMMARY	
Primary Tax	146.92
LESS: State Aid	.00
Net Primary Tax	146.92
Secondary Tax	39.22
Special District	.00
TOTAL TAX DUE	186.14

2012 TAXES	2013 TAXES	JURISDICTION	TELEPHONE #'S	% of TAX
32.32	32.32	MOHAVE COUNTY	(928) 753-0735	A 17.36%
8.38	9.10	STATE SCHOOL TAX EQUALIZATION	(602) 542-5885	B 4.89%
68.36	85.04	KINGMAN USD #20	(928) 753-5878	C 45.69%
19.46	20.46	MOHAVE COMMUNITY COLLEGE	(928) 757-0810	D 10.99%
1.78	1.78	FIRE DIST ASSIST FUND	(928) 753-0735	E 0.96%
5.74	5.76	MOHAVE COUNTY LIBRARY DISTRICT	(928) 692-5717	F 3.09%
8.88	8.88	MOHAVE COUNTY FLOOD CONTROL DIST	(928) 757-0910	G 4.77%
1.54	1.54	MO CO TV CID	(928) 753-0729	H 0.83%
.90	.88	WESTERN AZ VOCATION ED DIST	(928) 753-0747	I 0.47%
20.12	20.38	SD #20 SCHOOL BONDS		J 10.95%
167.48	186.14	TOTAL		100%



UNPAID PRIOR YEAR AMOUNT DUE

Please contact the Tax Lien Team immediately for your past due amount at: 928-753-0737

46 394



MOHAVE COUNTY

2013 PROPERTY TAX STATEMENT

Cindy Landa Cox, Treasurer
(928) 753-0737

#2665
12-31-13



Legal Description: T27N R19W SEC 9 GOLDEN HORSESHOE
RANCHOS UNIT 3 LOT 521
Situs Address: 8239 W SAN PABLO DR

JANDA INC
WHITE HILLS WATER CO DBA
PO BOX 30626
MESA AZ 85275

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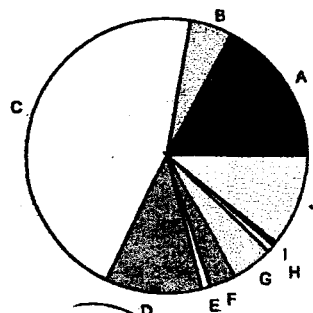
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Make your check payable to and mail to: Mohave County Treasurer
PO Box 53078
Phoenix AZ 85072-3078

PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE		SECONDARY TAX RATE PER \$100 ASSESSED VALUE		
32905516	0400	8.2718		2.2073		
ASSESSMENT		VALUE IN DOLLARS	ASSTMT%	ASSESSED VALUE	EXEMPT	TAX
LIMITED PROPERTY VALUE		9930	16.00	1589	0	8.2718 131.44
LIMITED PERSONAL PROP VALUE		0	0.00	0	0	.0000 .00
LIMITED PROPERTY VALUE TOTAL		9930		1589	0	131.44
FULL CASH VALUE		9930	16.00	1589	0	2.2073 35.08
FULL CASH PERSONAL PROP VALUE		0	0.00	0	0	.0000 .00
FULL CASH VALUE TOTAL		9930		1589	0	35.08

2013 TAX SUMMARY	
Primary Tax	131.44
LESS: State Aid	.00
Net Primary Tax	131.44
Secondary Tax	35.08
Special District	.00
TOTAL TAX DUE	166.52

2012 TAXES	2013 TAXES	JURISDICTION	TELEPHONE #S	% of TAX
28.92	28.92	MOHAVE COUNTY	(928) 753-0735	A 17.37%
7.50	8.14	STATE SCHOOL TAX EQUALIZATION	(602) 542-5695	B 4.89%
61.16	76.06	KINGMAN USD #20	(928) 753-5678	C 45.68%
17.40	18.32	MOHAVE COMMUNITY COLLEGE	(928) 757-0810	D 11.00%
1.58	1.58	FIRE DIST ASSIST FUND	(928) 753-0735	E 0.95%
5.14	5.14	MOHAVE COUNTY LIBRARY DISTRICT	(928) 692-5717	F 3.09%
7.96	7.96	MOHAVE COUNTY FLOOD CONTROL DI	(928) 757-0810	G 4.78%
1.38	1.38	MO CO TV CID	(928) 753-0729	H 0.83%
.78	.78	WESTERN AZ VOCATION ED DIST	(928) 753-0747	I 0.47%
18.02	18.24	SD #20 SCHOOL BONDS		J 10.95%
149.84	166.52	TOTAL		100%



UNPAID PRIOR YEAR AMOUNT DUE

Please contact the Tax Lien Team
immediately for your past due amount at:
928-753-0737

Y6 484

Z. Indicate the estimated number of customers, by class, to be served in each of the first five years of operation. Include documentation to support the estimates.

Residential:

First Year	83	Second Year	85	Third Year	88	Fourth Year	88	Fifth Year	90
------------	----	-------------	----	------------	----	-------------	----	------------	----

Commercial: N/A

First Year		Second Year		Third Year		Fourth Year		Fifth Year	
------------	--	-------------	--	------------	--	-------------	--	------------	--

Industrial: N/A

First Year		Second Year		Third Year		Fourth Year		Fifth Year	
------------	--	-------------	--	------------	--	-------------	--	------------	--

Irrigation: N/A

First Year		Second Year		Third Year		Fourth Year		Fifth Year	
------------	--	-------------	--	------------	--	-------------	--	------------	--

- Wastewater serviced by septic tanks

ATTACHMENT "C"

PROFORMA BALANCE SHEET (WATER)

ASSETS

Actual Balance Sheet Included as part of Rate Case

Docket W-01982A-13-0311 dated 9/12/2013

Current Assets

Cash

\$

Accounts Receivable

Other

Total Current Assets

Fixed Assets

Utility Plant in Service

(Less) Accumulated Depreciation

Net Plant in Service

Other

TOTAL ASSETS

\$

LIABILITIES AND CAPITAL

Current and Accrued Liabilities

Accounts Payable

\$

Notes Payable

Accrued Taxes

Accrued Interest

Other

Total Current and Accrued Liabilities

Long-Term Debt

\$

Other

Included as part of Rate Case Docket W-01982A-13-0311 dated 9/12/2013

Deferred Credits

Advances in Aid of Construction

\$

Contributions in Aid of Construction

Accumulated Deferred Income Tax

Total Deferred Credits

\$

TOTAL LIABILITIES

\$

CAPITAL ACCOUNT

Common Stock

\$

Preferred

Paid in Capital

Retained Earnings

Total Capital

\$

TOTAL LIABILITIES AND CAPITAL

\$

PROFORMA INCOME STATEMENT (WATER)
Actual Income Statement Included as part of Rate Case
Docket W-01982A-13-0311 dated 9/12/2013

	<u>YR ONE</u>	<u>YR TWO</u>	<u>YR THREE</u>
REVENUE:			
Water Sales			
Establishment Charges			
Other Operating Revenue			
Total Operating Revenue	\$	\$	\$
OPERATING EXPENSES:			
Salaries and Wages	\$	\$	\$
Purchased Water			
Power Costs			
Water Testing			
Repairs and Maintenance			
Office Supplies Expense			
Outside Services			
Rents			
Transportation Expense			
Taxes Other than Property and income			
Depreciation			
Health and Life Insurance			
Income Taxes			
Property Tax			
Miscellaneous Operating			
Total Operating Expense	\$	\$	\$
OPERATING INCOME OR (LOSS)	\$	\$	\$
OTHER INCOME/EXPENSES:			
Interest Income	\$	\$	\$
Other Income			
Other Expenses			
Interest Expenses			
TOTAL OTHER INCOME/EXPENSE	\$	\$	\$
NET INCOME (LOSS)	\$	\$	\$

PROFORMA UTILITY PLANT IN SERVICE (WATER)

FIRST YEAR

	ORIGINAL COST	ACCUM. DEPRC.	ORIG. COST LESS DEPREC.
Organization	\$	\$	\$
Franchises			
Land and Land Rights			
Wells and Springs			
Electric Pumping Equip.			
Water Treat. Equip.			
Distribution Reservoirs and Standpipes			
Transmission & Dist. Mains			
Services			
Meters			
Hydrants			
Other Plant Structures and Improvements			
Office Furniture and Fixtures			
Transportation Equipment			
Tools and Work Equipment			
Laboratory Equipment			
Power Operated Equipment			
Communication Equipment			
Other Tangible Plant			
TOTAL PLANT IN SERVICE	\$	\$	\$

Actual Utility Plant In Service Included as part of Rate Case

Docket W-01982A-13-0311 dated 9/12/2013

ATTACHMENT "D"
WATER TARIFF SCHEDULE

Current tariff attached – rate case in process Docket W-01982A-13-0311 dated 9/12/2013

RATES AND CHARGES

<u>CUSTOMER/MINIMUM CHARGE</u>			<u>SERVICE LINE & METER</u>	
<u>PER MONTH</u>			<u>INSTALLATION CHARGES</u>	
<u>METER CHARGE GALLONS</u>			<u>METER CHARGE</u>	
5/8 X 3/4"	\$	FOR	5/8 X 3/4"	\$
3/4"	\$	FOR	3/4"	\$
1"	\$	FOR	1"	\$
1 1/2"	\$	FOR	1 1/2"	\$
2"	\$	FOR	2"	\$
3"	\$	FOR	3"	\$
4"	\$	FOR	4"	\$
5"	\$	FOR	5"	\$
6"	\$	FOR	6"	\$

COMMODITY CHARGE (EXCESS OF MINIMUM):

\$ _____ PER _____ GALLONS

FLAT RATE \$ _____ PER MONTH

SERVICE CHARGES:

- | | |
|---|----------------|
| 1. ESTABLISHMENT (R14-2-403.D.1) | \$ _____ |
| 2. ESTABLISHMENT/AFTER HOURS (R14-2-403.D.2) | \$ _____ |
| 3. RECONNECTION/DELINQUENT (R14-2-403.D.1) | \$ _____ |
| 4. NSF CHECK (R14-2-409.F.1) | \$ _____ |
| 5. METER REREAD/IF CORRECT (R14-2-408.C.2) | \$ _____ |
| 6. METER TEST/IF CORRECT (R14-2-408.F.1) | \$ _____ |
| 7. DEFERRED PAYMENT (R14-2-409.G.6) | \$ _____ |
| 8. DEPOSIT INTEREST (R14-2-403.B.3) _____ | % |
| 9. DEPOSIT (R14-2-403.B.7) | PER RULE |
| 10. REESTABLISHMENT W/N 12 MOs (R14-2-403.D.1) | MONTHS OFF THE |
| SYSTEM TIMES THE MINIMUM | |
| 11. <u>OTHER RATES & CHARGES APPROVED BY ORDER:</u> | |

IN ADDITION TO THE COLLECTION OF ITS REGULAR RATES AND CHARGES, THE COMPANY SHALL COLLECT FROM ITS CUSTOMERS THEIR PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES OR USE TAX

TARIFF SCHEDULE

Utility : WHITE HILLS WATER CO., INC.

Tariff Sheet No.: 2

Docket No. : U-1982 - 84-150

Decision No. : 54305

Effective : 02/85

2/1/85

RATES & CHARGES

Residential

Monthly Service Rate:

<u>Minimum</u>		<u>Gallons</u>
5/8 x 3/4"	\$ <u>19.00</u>	For <u>1,000</u>
3/4"	\$ _____	For _____
1"	\$ _____	For _____
1 - 1 1/2"	\$ _____	For _____
2"	\$ _____	For _____
3"	\$ _____	For _____
4"	\$ _____	For _____
5"	\$ _____	For _____
6"	\$ _____	For _____

\$ 10.50 Per 1,000 Gallons in Excess
of Minimum

Commercial

Monthly Service Rate:

<u>Minimum</u>		<u>Gallons</u>
5/8 x 3/4"	\$ _____	For _____
3/4"	\$ _____	For _____
1"	\$ _____	For _____
1 - 1 1/2"	\$ _____	For _____
2"	\$ _____	For _____
3"	\$ _____	For _____
4"	\$ _____	For _____
5"	\$ _____	For _____
6"	\$ _____	For _____

\$ _____ Per _____ Gallons in Excess
of Minimum

Flat Rate _____ Per Month

SERVICE LINE & METER INSTALLATION CHARGES

5/8 x 3/4" \$ 100.00 3/4" \$ 120.00 1" \$ 160.00 1 - 1 1/2" \$ 300.00 2" \$ 400.00

SERVICE CHARGES

Establishment	\$ <u>5.00</u>	Re-establishment	<u>see below</u>
After Hour	\$ <u>25.00</u>	(within 12 months)	
Reconnection (delinquent)	\$ <u>5.00</u>	NSF Check	\$ <u>10.00</u>
Meter Test	<u>actual cost</u>	Deferred Payment	
*Deposit		Re-read	\$ <u>2.50</u>

*(if other than provided for in Rules and Regulations)

Other Charges As Specified By Order:

**Re-establishment Number of months x minimum less value of water

**Unmetered customers:

All usage per gallon.....\$0.0105

Delivery charge per Truck Load (500 gals.).....\$ 2.50

ARIZONA CORPORATION COMMISSION

Janice E. Arthur

(Signature of Authorized Representative)

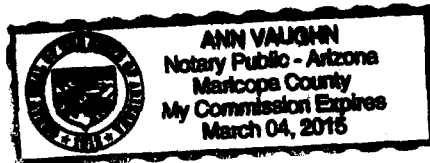
Janice E. Arthur, Co-owner

Ann Vaughn

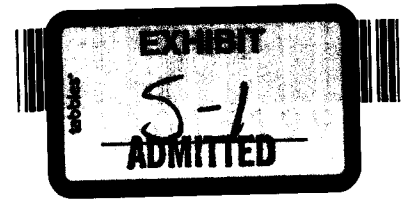
SUBSCRIBED AND SWORN to before me this 10 day of January, 2014

NOTARY PUBLIC

My Commission Expires 3-4-15



MEMORANDUM



TO: Docket Control

FROM: Steve M. Olea
Director
Utilities Division

ORIGINAL

Date: March 24, 2014

RE: STAFF REPORT FOR WHITE HILLS WATER COMPANY, INC. -
APPLICATION FOR APPROVAL OF A CERTIFICATE OF CONVENIENCE
AND NECESSITY TO PROVIDE WATER SERVICE (DOCKET NO. W-
01982A-14-0009)

Attached is the Staff Report for White Hills Water Company, Inc.'s application for approval of Certificate of Convenience and Necessity to provide water service in portions of Mohave County, Arizona. Staff is recommending approval with conditions.

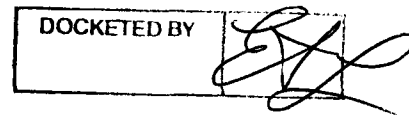
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Originator: Blessing Chukwu

Arizona Corporation Commission

DOCKETED

MAR 24 2014



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DOCKET CONTROL

Service List for: White Hills Water Company, Inc.
Docket No. W-01982A-14-0009

Ms. Janice E. Arthur
White Hills Water Company, Inc.
PO Box 30626
Mesa, Arizona 85275

Ms. Janice Alward
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Steve M. Olea
Director, Company Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

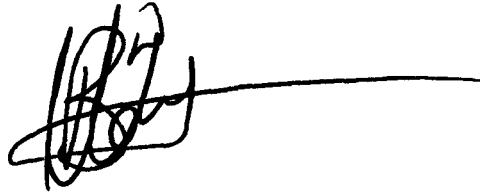
WHITE HILLS WATER COMPANY, INC.
W-01982A-14-0009

APPLICATION FOR APPROVAL OF
CERTIFICATE OF CONVENIENCE AND NECESSITY
FOR WATER SERVICE

MARCH 24, 2014

STAFF ACKNOWLEDGMENT

The Staff Report for White Hills Water Company, Inc. (Docket No. W-01982A-14-0009) was the responsibility of the Staff member signed below. Blessing Chukwu was responsible for the review and analysis of the Company's application. Del Smith was responsible for the engineering and technical analysis.

A handwritten signature in black ink, appearing to be 'Blessing Chukwu', with a long horizontal line extending to the right.

Blessing Chukwu
Executive Consultant III

A handwritten signature in black ink, appearing to be 'Del Smith', with a long horizontal line extending to the right.

Del Smith
Utilities Engineer Supervisor

**EXECUTIVE SUMMARY
WHITE HILLS WATER COMPANY, INC.
DOCKET NO. W-01982A-14-0009**

On January 10, 2014, White Hills Water Company, Inc. ("White Hills" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for approval of a Certificate of Convenience and Necessity ("CC&N") for water service, in portions of Mohave County, Arizona. On February 7, 2014, the Utilities Division ("Staff") of the Commission filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of the Arizona Administrative Code ("A.A.C.").

White Hills is an Arizona Corporation, in good standing with the Commission's Corporation Division. The Company was authorized to provide water service in portions of Mohave County, Arizona, by Decision No. 38386, issued on February 21, 1966. On February 18, 2003, the Commission issued Decision No. 65649 rescinding White Hills' CC&N granted in Decision No. 38386 due to failure to file its 2001 Utility Annual Report.

By this application, White Hills is requesting the reinstatement of its revoked CC&N in Units 3, 4, & 6 and also a new CC&N for Unit 1 and specific lots in Unit 5 of Golden Horseshoe Ranchos Subdivision in White Hills, Mohave County, Arizona. The Company has been serving Unit 1 since 1998. The proposed Unit 5 extension area includes specific lots where facilities have been installed at the developer's expense to serve the lots when economic conditions improve and the lots are sold.

Staff concludes that White Hills has adequate production and storage capacity to serve the present customer base and reasonable growth.

Staff believes that granting a CC&N to White Hills would be in the public interest. The Company is now current on its annual reports and has existing customers and plant.

Staff recommends the Commission approve White Hills' application for a CC&N to provide water service for certain portions of Section 9, 17, 19, in Township 27 North, Range 19 West and certain portions of Section 9, in Township 27 North, Range 20 West (as set forth in Attachment C-2) within portions of Mohave County, Arizona, subject to compliance with the following conditions:

1. White Hills must charge its authorized rates and charges within its CC&N.
2. White Hills, as a compliance item in this docket, must notify the Commission of any proposed change in the ownership of the Company, at least 30 days prior to the change in ownership.
3. White Hills must not serve any customers that are not within or contiguous to the new CC&N granted in this docket.

4. White Hills should comply with A.A.C. R14-2-402(E) for serving contiguous lots.

Staff further recommends that the Commission's Decision granting the requested CC&N extension be considered null and void, after due process, should the Company fail to comply with any of these conditions.

TABLE OF CONTENTS

Page

INTRODUCTION.....	1
BACKGROUND.....	1
PROPOSED CC&N	1
WATER SYSTEM.....	2
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY COMPLIANCE	2
ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE	3
ACC COMPLIANCE.....	3
CURTAILMENT PLAN TARIFF	3
CROSS CONNECTION TARIFF.....	3
PROPOSED RATES.....	3
FRANCHISE.....	3
STAFF'S POSITION ON THE CC&N.....	3
RECOMMENDATIONS	5

ATTACHMENT(S)

ENGINEERING REPORT	A
ENGINEERING MAP	B

INTRODUCTION

On January 10, 2014, White Hills Water Company, Inc. ("White Hills" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for approval of a Certificate of Convenience and Necessity ("CC&N") for water service, in portions of Mohave County, Arizona.

On February 7, 2014, the Utilities Division ("Staff") filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of the Arizona Administrative Code ("A.A.C.").

BACKGROUND

White Hills is an Arizona Corporation, in good standing with the Commission's Corporation Division. The Company was authorized to provide water service in portions of Mohave County, Arizona, by Decision No. 38386, issued on February 21, 1966. On February 18, 2003, the Commission issued Decision No. 65649 rescinding White Hills' CC&N granted in Decision No. 38386 due to failure to file its 2001 Utility Annual Report.

On August 29, 2013, the Company filed in Docket No. W-01982A-13-0285 a request for reinstatement of the CC&N revoked in Decision No. 65649 stating that "all annual reports have been submitted."

On January 10, 2014, White Hills filed this instant application requesting an approval to extend its CC&N to include Golden Horseshoe Ranchos Subdivision Unit 1. The Company has been serving Unit 1 since 1998. The Company also requested to extend its CC&N to include portions of Golden Horseshoe Ranchos Subdivision Unit 5, which is located in Section 19 Township 27 North, Range 19 West in Mohave County, Arizona. The proposed Unit 5 extension area includes specific lots where facilities have been installed at the developer's expense to serve the lots when economic conditions improve and the lots are sold. White Hills also requested for the reinstatement of the CC&N that was revoked in Decision No. 65649. Since the Company is seeking all of the CC&N area in this docket that it sought in Docket No. W-01982A-13-0285, Docket No. W-01982A-13-0285 was administratively closed on February 28, 2014.

PROPOSED CC&N

Before being revoked in Decision No. 65649, White Hills' CC&N covered three square miles, comprised of the Golden Horseshoe Ranchos Subdivision Units 3, 4 and 6, which is approximately 40 miles northwest of Kingman. The Company currently serves an area known as the Golden Horseshoe Ranchos Subdivision Units 1, 3, 4 and 6 in Mohave County, Arizona, without a CC&N. White Hills operates Arizona Department of Environmental Quality ("ADEQ") Public Water System ("PWS") No. 08-039 which serves Golden Horseshoe Ranchos Subdivision Units 3, 4 and 6, in Sections 9, 17 and 21, respectively, in Township 27 North, Range 19 West in Mohave County, Arizona. The Company also operates PWS No. 08-149

which serves Golden Horseshoe Ranchos Subdivision Unit 1, in Section 9 Township 27 North, Range 20 West in Mohave County, Arizona. Although PWS No. 08-149 has been in operation since 1998, the Company only recently filed to extend its CC&N to include the area served by PWS No. 08-149.

By this application, White Hills is requesting the reinstatement of its revoked CC&N in Units 3, 4, & 6 and also a new CC&N for Units 1 and specific lots in Unit 5 of Golden Horseshoe Ranchos Subdivision in White Hills, Mohave County, Arizona. The Company has been serving Unit 1 since 1998. The proposed Unit 5 extension area includes specific lots where facilities have been installed at the developer's expense to serve the lots when economic conditions improve and the lots are sold.

In support of the application, the Company submitted the request for service from Mr. John Morally for the specific lots in Golden Horseshoe Ranchos Subdivision Unit 5 and an agreement it had entered into with the Golden Horseshoe Ranchos Landowners' Association for Unit 1. Staff believes that since the Company is currently serving customers in Units 3, 4, & ~~6~~, the requirement for a request for service would not be applicable.

WATER SYSTEM

The Company has two water systems: PWS No. 08-039 and PWS No. 08-149. PWS No. 08-149 water system consists of two well sites, namely: Jan's Well Site and the Sweet Well Site. Jan's Well Site consists of one well, two 30,000-gallon storage tanks (total capacity 60,000 gallons), two 2-horsepower ("hp") booster pumps, three 120-gallon bladder/pressure tanks, a standpipe system and a distribution system serving 48 metered customers. The Sweet Well Site consists of one well and one 15,000 gallon storage tank. Staff visited this well site on October 17, 2013, however, at the time of Staff's inspection this well site was not in service. Both well sites are located in Golden Horseshoe Ranchos Unit 4. Distribution facilities have been installed to provide service to customers located in Units 3, 4, 5 and 6.

PWS No. 08-149 water system consists of one well, one 20,000-gallon storage tank, two 1.5-hp booster pumps, one 80-gallon bladder/pressure tank, a standpipe system and a distribution system serving 36 metered customers. The well is located in Golden Horseshoe Ranchos Unit 1. Distribution facilities have been installed to provide service to customers located in Unit 1. This system has been in operation since 1962.

Staff concludes that White Hills' water systems have adequate production and storage capacity to serve the present customer base and reasonable growth.

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY COMPLIANCE

According to an ADEQ compliance status report, dated October 13, 2013, the Company's water systems, PWS Nos. 08-039 and 08-149 have no major monitoring or reporting deficiencies

and are currently delivering water that meets water quality standards required by 40 CFR 141 (National Primary Drinking Water Regulations) and A.A.C., Title 18, Chapter 4.

ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE

The Company is not located within an ADWR Active Management Area ("AMA"). ADWR has determined that White Hills is currently in compliance with departmental requirements governing water providers and/or community water systems.

ACC COMPLIANCE

A check of the Utilities Division compliance database indicated that there were no delinquent compliance items for White Hills.

CURTAILMENT PLAN TARIFF

The Company has an approved curtailment tariff on file with the Commission.

CROSS CONNECTION TARIFF

The Company has an approved cross connection tariff on file with the Commission.

PROPOSED RATES

The Company provides water utility service to the affected area under its authorized rates and charges, which became effective February 1, 1985, in Decision No. 54305. The Company is currently seeking a rate increase in Docket No. W-01982A-13-0311. The application indicates that there are 92 customers receiving service from White Hills Water Company.

FRANCHISE

The Company filed, in the docket, a copy of the franchise agreement it has entered into with Mohave County.

STAFF'S POSITION ON THE CC&N

The ACC is required by the Arizona Revised Statutes ("A.R.S.") § 40-281 et seq. to investigate all applicants for a CC&N and to issue a CC&N only upon a showing that the issuance to a particular applicant would serve the public interest. In determining whether or not the issuance of a CC&N to a particular applicant is in the public interest, Staff considers whether the applicant is a fit and proper entity to own and operate a water and/or wastewater utility.

The Company provided Staff with maps of the Golden Horseshoe Ranchos Subdivision and the White Hills water system. These maps were prepared by Mohave Engineering

Associates, Inc. (engineering consultants to the Company). The maps show the location of existing customers and the Company's distribution system facilities. Facilities that have been installed to serve future customers are also shown on these maps. As previously discussed in this report Staff, concludes that White Hills has adequate production and storage capacity to serve the present customer base and reasonable growth. The owners of the Company live in Maricopa County and must commute several hours one-way by car when issues arise that need their immediate attention. Local resources are very limited and most contractors commute from the Kingman area which adds significantly to company expenses. The Company anticipates that growth will occur in the area when economic conditions improve but no change in the customer base is expected until then.

Staff notes that it has been twenty-nine years since the last rate increase and that the Company has transferred ownership five times since 1997, back and forth to Mr. David Arthur & Mrs. Janice Arthur. The Company has not been able to provide documents supporting much of the plant changes since the last rate case. The CC&N application does not provide financial information as to additional expansion of White Hills Water Company beyond the current plant and 92 customers.

Based on the information provided in this docket and from Staff's review of other available materials regarding the Company, Staff concludes that:

- The Company has experience in operating a water facility.
- There is no evidence of negative determinations by ADWR and ADEQ and/or questionable business practices, and
- The Company has adequate financial capability to continue providing water service to its existing customers.

Staff believes that the ultimate obligation of the Commission is to protect the public interest; to that end Staff believes reasonable conditions to ensure the Company is conducting its business operation in a manner which will not compromise the interests of its customers should be required. Therefore, Staff recommends that the Company, as a compliance item in this docket, notify the Commission of any proposed change in the ownership of the Company, at least 30 days prior to any change in ownership.

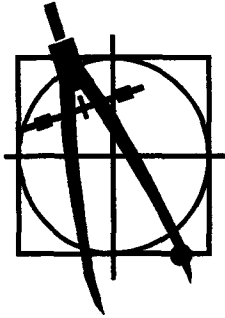
Staff believes that due to (1) the magnitude of the requested area, (2) the current economic conditions, and (3) the expected build-out period the Commission should not approve the entire requested area. Attachment C to this memorandum is a map of Staff's recommended CC&N service area, which is smaller than what the Company requested. Attachment C-2 is the associated legal description. Staff recommends approving the CC&N and/or extension to cover existing customers and plant. Specifically, Staff recommendation includes areas where the Company has existing customers or where facilities have been installed at the developer's expense to serve specific lots. Due to the developer's specific request for service, Staff recommends including the specific lots of Unit 5 extension area even though there are no existing customers served by the Company in that area.

RECOMMENDATIONS

Staff recommends the Commission approve White Hills' application for a CC&N to provide water service for certain portions of Section 9, 17, 19, in Township 27 North, Range 19 West and certain portions of Section 9, in Township 27 North, Range 20 West (as set forth in Attachment C-2) within portions of Mohave County, Arizona, subject to compliance with the following conditions:

1. White Hills must charge its authorized rates and charges within its CC&N.
2. White Hills, as a compliance item in this docket, must notify the Commission of any proposed change in the ownership of the Company, at least 30 days prior to the change in ownership.
3. White Hills must not serve any customers that are not within or contiguous to the new CC&N granted in this docket.
4. White Hills should comply with A.A.C. R14-2-402(E) for serving contiguous lots.

Staff further recommends that the Commission's Decision granting the requested CC&N extension be considered null and void, after due process, should the Company fail to comply with any of these conditions.



**ENGINEERING REPORT FOR
White Hills Water Co., Inc.**

Docket No.

W-01982A-13-0311 (Rates)

W-01982A-14-0009 (CC&N)

By Del Smith

March 6, 2014

CONCLUSIONS

1. The Arizona Corporation Commission ("ACC" or "Commission") Utilities Division Staff ("Utilities Staff" or "Staff") concludes that White Hills Water Co., Inc. ("White Hills" or "Company") has adequate production and storage capacity to serve the present customer base and reasonable growth.
2. The Arizona Department of Environmental Quality ("ADEQ") has reported that White Hills is currently delivering water that meets water quality standards required by 40 CFR 141 (National Primary Drinking Water Regulations) and Arizona Administrative Code, Title 18, Chapter 4.
3. The Arizona Department of Water Resources ("ADWR") has reported that White Hills is currently in compliance with departmental requirements governing water providers and/or community water systems. The White Hills service area is not located within an ADWR Active Management Area ("AMA").
4. A check of the Utilities Division Compliance Section database showed that there are currently no delinquent Commission compliance items for White Hills.
5. White Hills has approved Curtailment and Backflow Tariffs on file with the Commission.
6. The Company anticipates that growth will occur in the area when economic conditions improve but no change in the customer base is expected until then.
7. Engineering Staff finds the certified operator fee of \$200 per month reasonable given the remote location of White Hills.
8. The bills for services provided by Mohave Engineering Associates ("MEA") totaling \$16,087 are for engineering 'as-built' drawings and documentation which were needed to bring the water system(s) into compliance with ADEQ. Engineering Staff finds the charges for MEA services reasonable and appropriate.

RECOMMENDATIONS

1. Staff recommends that White Hills monitor water use for both systems and report water losses on a monthly basis in its Annual Reports to the Commission. The Company shall coordinate the reading from the well production meters and individual customer meters and report the results per system in its Annual Reports going forward. Staff further recommends that if the reported water loss is greater than 10 percent for either system White Hills shall prepare a water loss reduction report containing a detailed analysis and plan to reduce water loss to 10 percent or less for that particular system. If White Hills believes it is not cost effective to reduce the water loss to less than 10 percent, White Hills should submit a detailed cost benefit analysis to support its opinion. In no case shall the White Hills allow water loss to be greater than 15 percent for either system. The water loss reduction report or the detailed cost benefit analysis, whichever is submitted per this recommendation, shall be docketed as a compliance item no later than April 30th of the year following the excessive water loss.
2. Staff recommends an annual water testing expense of \$1,558 be used for purposes of this application.
3. Staff recommends that White Hills use the depreciation rates presented in Table C.
4. Staff recommends that the service line and meter installation charges listed under "Staff's Recommendation" in Table D be adopted.
5. Staff recommends approval of the three BMP tariffs attached hereto as Exhibit A.
6. Staff further recommends that White Hills notify its customers, in a form acceptable to Staff, of the BMP Tariffs approved by the Commission and their effective date by means of either an insert in the next regularly scheduled billing or by a separated mailing and shall provide copies of the BMP Tariffs to any customer upon request. Staff will file a letter in the Docket confirming that White Hills' tariffs have been updated with the tariffs approved by the Commission. The tariffs shall go into effect 30 days after the date notice is sent to customers. White Hills may request cost recovery of the actual costs associated with the BMPs implemented in its next general rate application.
7. The Utilities Division mapping section issued its memorandum for the White Hills CC&N application in Docket No. W-01982A-14-0009 on February 4, 2014. Attachment C to the memorandum is a map of Staff's recommended CC&N service area and Attachment C-2 is the associated legal description.

TABLE OF CONTENTS

	PAGE
A. INTRODUCTION AND LOCATION OF COMPANY	1
B. DESCRIPTION OF THE WATER SYSTEMS	1
C. WATER USE	10
<i>Water Sold</i>	10
<i>Non-Accounted For Water</i>	11
<i>System Analysis</i>	12
D. GROWTH	12
E. ADEQ COMPLIANCE	13
<i>Compliance</i>	13
<i>Water Testing Expense</i>	13
F. ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE	14
G. ACC COMPLIANCE.....	14
H. DEPRECIATION RATES.....	14
I. OTHER ISSUES	16
1. <i>Service Line and Meter Installation Charges</i>	16
2. <i>Curtailment Tariff</i>	16
3. <i>Backflow Prevention Tariff</i>	16
4. <i>Best Management Practices ("BMP") Tariff</i>	17
5. <i>Clarification of Certain Plant Additions</i>	17
J. CC&N APPLICATION (DOCKET NO. W-01982A-14-0009).....	17

EXHBIT

BEST MANAGEMENT PRACTICES (BMPS).....	A
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A. INTRODUCTION AND LOCATION OF COMPANY

On September 12, 2013, White Hills Water Co., Inc. ("White Hills" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") to increase its rates in Docket No. W-01982A-13-0311. See Section J for details regarding the Company's Certificate of Convenience and Necessity ("CC&N") Application in Docket No. W-01982A-14-0009. The ACC Utilities Division Staff ("Utilities Staff" or "Staff") filed its letter of sufficiency regarding the Company's rate application on February 7, 2014. The Company's current rates were approved in Commission Decision No. 54305, dated January 3, 1985. Staff's engineering reviews and analyses of the pending rate application and CC&N application are presented in this report. For purposes of processing the rate application White Hills is considered a Class D water utility company that provides public utility water service to 92 metered connections.¹ Figure 1 shows the location of the Company within Mohave County and Figure 2 shows the certificated area granted in Commission Decision No. 38386 covering three square miles (labeled Units 3, 4 and 6).

White Hills serves an outlying rural area approximately 40 miles northwest of Kingman known as the Golden Horseshoe Ranchos Subdivision Units 1, 3, 4 and 6. The Company was granted a Certificate of Convenience and Necessity ("CC&N") in Commission Decision No. 38386 issued February 21, 1966. White Hills operates Arizona Department of Environmental Quality ("ADEQ") Public Water System ("PWS") No. 08-039 which serves Sections 9, 17 and 21 Township 27 North, Range 19 West in Mohave County, Arizona (referred to as Golden Horseshoe Ranchos Subdivision Units 3, 4 and 6, respectively).² White Hills also operates PWS No. 08-149 which serves Section 9 Township 27 North, Range 20 West in Mohave County, Arizona (referred to as Golden Horseshoe Ranchos Subdivision Unit 1). Even though PWS No. 08-149 has been in operation since 1998, the Company only recently filed to extend its CC&N to include the area served by PWS No. 08-149 (see Section J for further discussion).

B. DESCRIPTION OF THE WATER SYSTEMS

The White Hills water systems were visited on October 17, 2013, by Staff members Mary Rimback and Del Smith. Staff was accompanied by Mr. Dave Arthur and Mrs. Jan Arthur, owners of the Company. The in-service plant (i.e. wells, tanks, pumps, and visible pipe) appeared to be in proper working order. The plant sites were in reasonably good condition. Staff did not observe any leaks at the well sites or in the distribution system. Kelly Grunder is the Company's certified operator.³ David Cowen is the Company's meter reader and handles minor system repairs. Mrs. Arthur handles the accounting and billing for the Company.

¹ Per plant data submitted with the application.

² This service area covers the CC&N area revoked in Decision No. 65649.

³ Kelly Grunder is a Certified Grade 2 Water Distribution System Operator, ADEQ Operator Identification No. OP020700.

PWS No. 08-039

This water system consists of two well sites identified for purposes of this report as Jan's Well Site and the Sweet Well Site. Jan's Well Site consists of Jan's Well, two 30,000-gallon storage tanks (total capacity 60,000 gallons), two 2-horsepower ("hp") booster pumps, three 120-gallon bladder/pressure tanks, a standpipe system and a distribution system serving 48 metered customers. The Sweet Well Site consists of the Sweet Well and one 15,000 gallon storage tank. At the time of Staff's inspection this well site was not in service. Both well sites are located in Golden Horseshoe Ranchos Unit 4. Distribution facilities have been installed to provide service to customers located in Units 3, 4, 5 and 6.

PWS No. 08-149

This water system consists of one well site identified for purposes of this report as the Unit 1 Well Site. The Unit 1 Well Site consists of the Unit 1 Well, one 20,000-gallon storage tanks, two 1.5-hp booster pumps, one 80-gallon bladder/pressure tanks, a standpipe system and a distribution system serving 36 metered customers. The Unit 1 Well Site is located in Golden Horseshoe Ranchos Unit 1. Distribution facilities have been installed to provide service to customers located in Unit 1. This system has been in operation since 1962.

Schematics of the water systems are illustrated in Figures 3A, 3B and 3C, and a detailed listing of the plant facilities is included in Table A below.

Table A. Plant Facilities Summary⁴

Well Data (PWS No. 08-039)

	Jan's Well	Sweet Well (Inactive)
ADWR Registration No.	55-912606	55-642196
Location	Lot 537*	Lots 533 & 534*
Casing Diameter (inches)	4	8
Casing Depth (feet)	812	704
Pump Horsepower (hp)	7.5	na
Pump Yield (gallons per minute)	33 - 35	na
Meter Size (inches)	2	na
Year Drilled	2011	1962

*Located in Golden Horseshoe Ranchos Unit 4.

⁴ The information listed was based on one, or a combination of, the following sources: 1) Company's Application, 2) Commission Annual Reports, 3) Arizona Department of Water Resources Records, 4) Information contained in the Company's Response to a Staff Data Requests and, 5) Information collected during Staff's site visit.

Water Storage, Booster Systems, & Structures (PWS No. 08-039)

Structure or Equipment	Location	Quantity - Capacity, Size
Storage Tanks	Jan's Well Site	2 - 30,000 Gallons
Bladder Tanks	Jan's Well Site	3 - 119 Gallons
Booster Pumps	Jan's Well Site	2 - 2 hp Single Speed
Security Fence	Jan's Well Site	6 Foot Chain Link*
Building (Wood Frame)	Jan's Well Site	2 - 8' X 12'
Standpipe System	Jan's Well site	1
Building (Wood Frame)	Sweet Well Site	1 - 20' X 20'
Storage Tank	Lot 521 (GHR Unit 4)	1 - 15,000 gallons (Inactive)
Building (Wood Frame)	Lot 521 (GHR Unit 4)	1 - 8' X 12'
Pressure Relief Valve	Lot 521 (GHR Unit 4)	1 - 2 inch
Security Fence	Lot 521 (GHR Unit 4)	6 Foot Chain Link*

Note: Security fences are not equipped with security wire.

Distribution Mains (PWS No. 08-039)

Diameter (inches)	Material	Length (feet)
2	PVC	6,528
3	Plastic	17,253
4	PVC	2,618
6	PVC C-900	5,280

Note: 1) PVC is poly vinyl chloride pipe used in water distribution systems and in general construction.

Meters (PWS No. 08-039)

Size	Quantity
5/8 x 3/4 inch	53

Well Data (PWS No. 08-149)

	Unit 1 Well
ADWR Registration No.	55-551185
Location	Lot 543*
Casing Diameter (inches)	9
Casing Depth (feet)	835
Pump Horsepower (hp)	5
Pump Yield (gallons per minute)	23 - 25
Meter Size (inches)	2
Year Drilled	1996

*Located in Golden Horseshoe Ranchos Unit 1.

Water Storage, Booster Systems, & Structures (PWS No. 08-149)

Structure or Equipment	Location	Quantity – Capacity, Size
Storage Tank	Unit 1 Well Site	1 – 20,000 Gallons
Bladder Tank	Unit 1 Well Site	1 – 80 Gallons
Booster Pumps	Unit 1 Well Site	2 – 1.5 hp (1-VSD & 1 - Single Speed back-up)
Security Fence	Unit 1 Well Site	6 Foot Chain Link*
Building (Wood Frame)	Unit 1 Well Site	1 - 12' X 20'
Standpipe System	Unit 1 Well site	1

Note: Security fences are not equipped with security wire.

Distribution Mains (PWS No. 08-149)

Diameter (inches)	Material	Length (feet)
4	PVC (SDR Series)	22,558
6	PVC (SDR Series)	3,269

Meters (PWS No. 08-149)

Size	Quantity
5/8 x 3/4 inch	39

Fire Hydrants (PWS Nos. 08-039 & 08-149)

Size/Description	Quantity
Standard	0

M O H A V E C O U N T Y

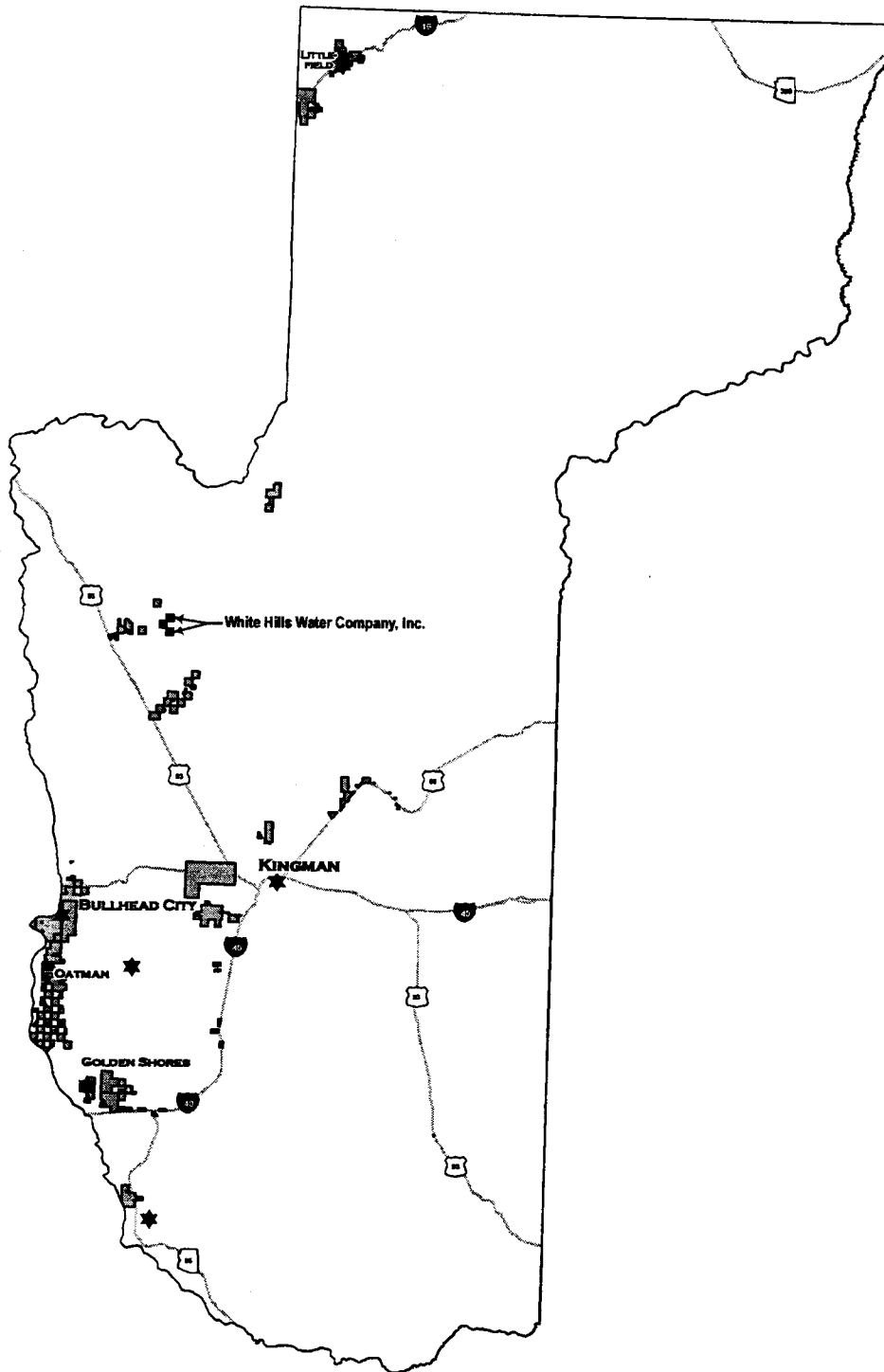


Figure 1. County Map

WIDHAE COUNTY

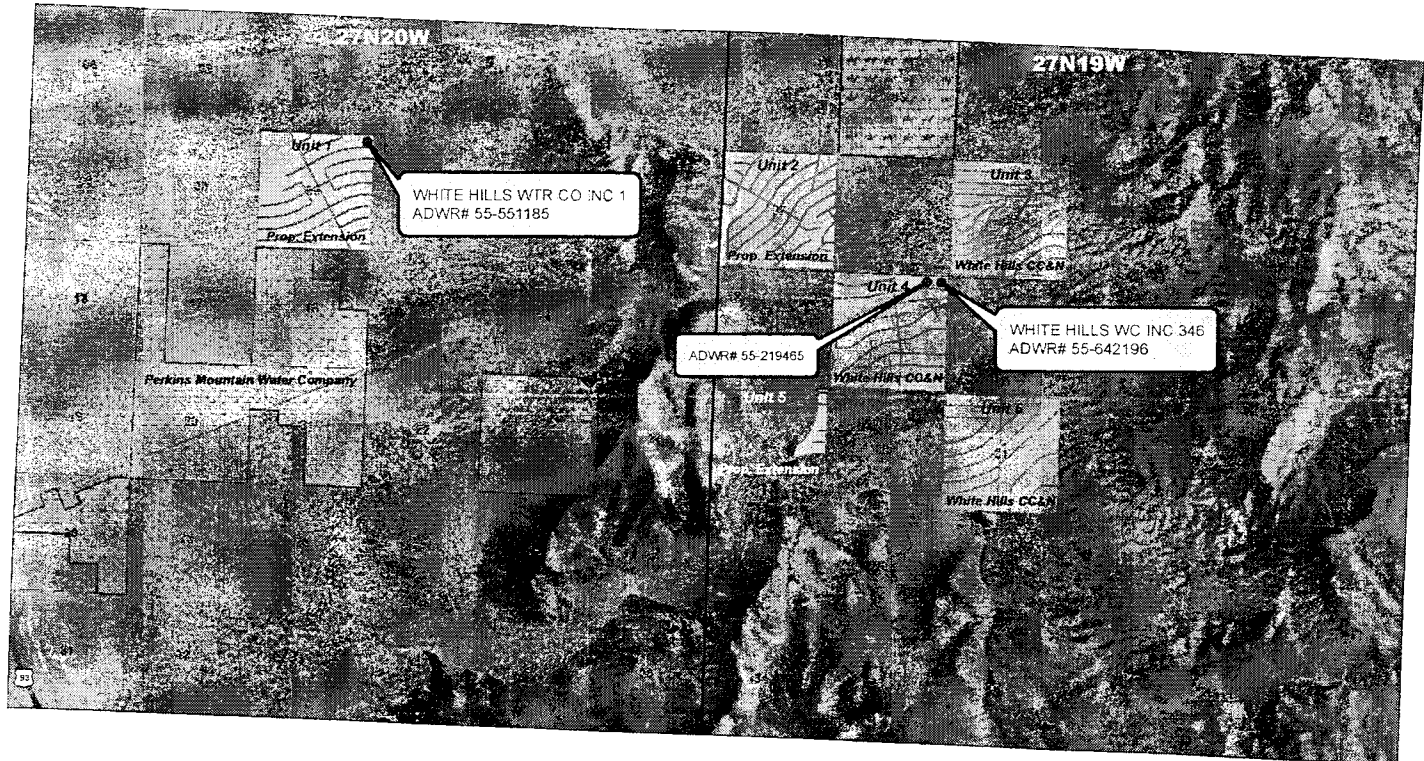


Figure 2. Certificated Area

SCHEMATIC OF WHITE HILLS WATER COMPANY, INC. UNIT 1
PWSID NO. 08-149
SHEET 1 OF 1

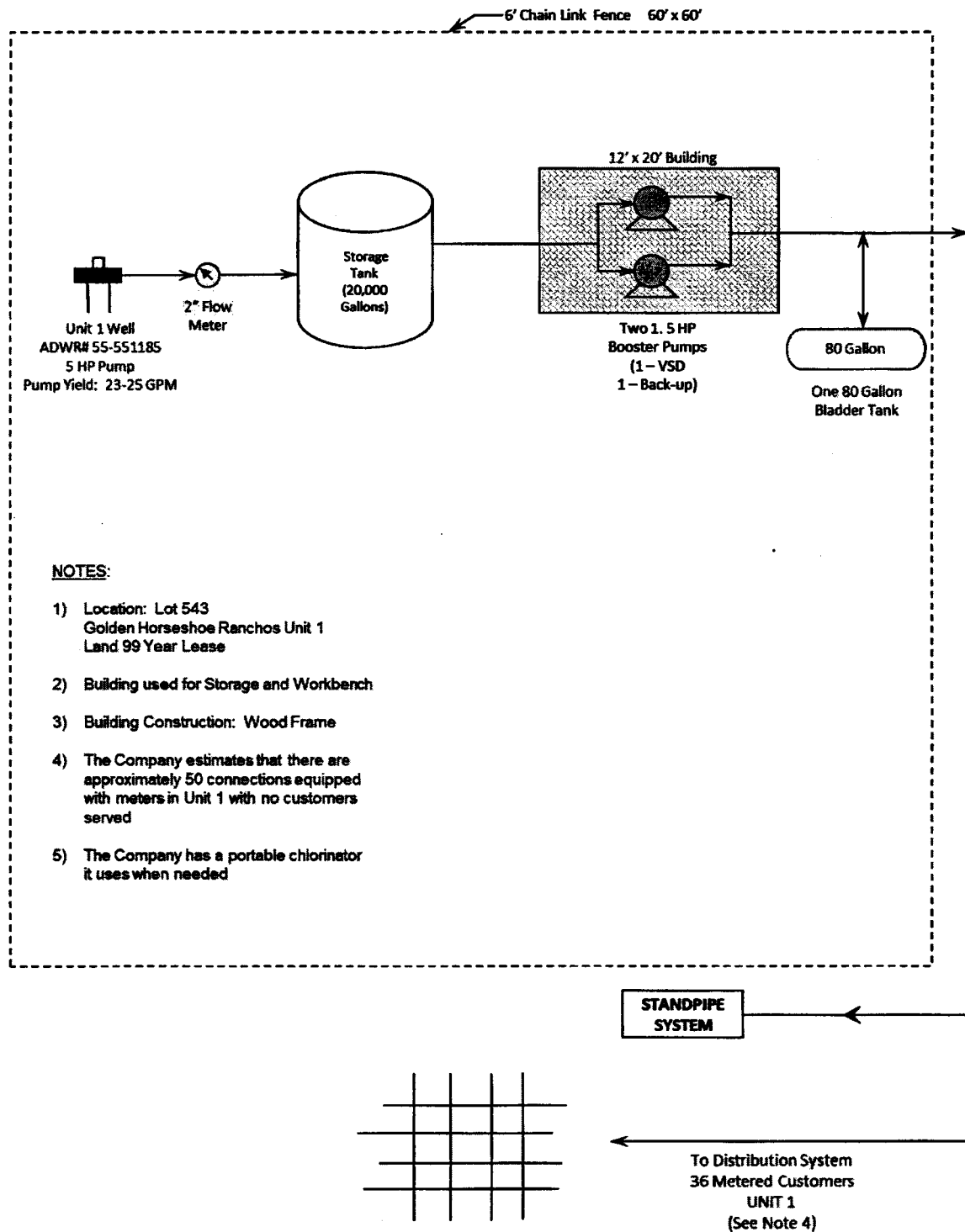


Figure 3A. Water System Schematic

SCHEMATIC OF WHITE HILLS WATER COMPANY, INC. UNITS 346
PWSID NO. 08-039
SHEET 1 OF 2

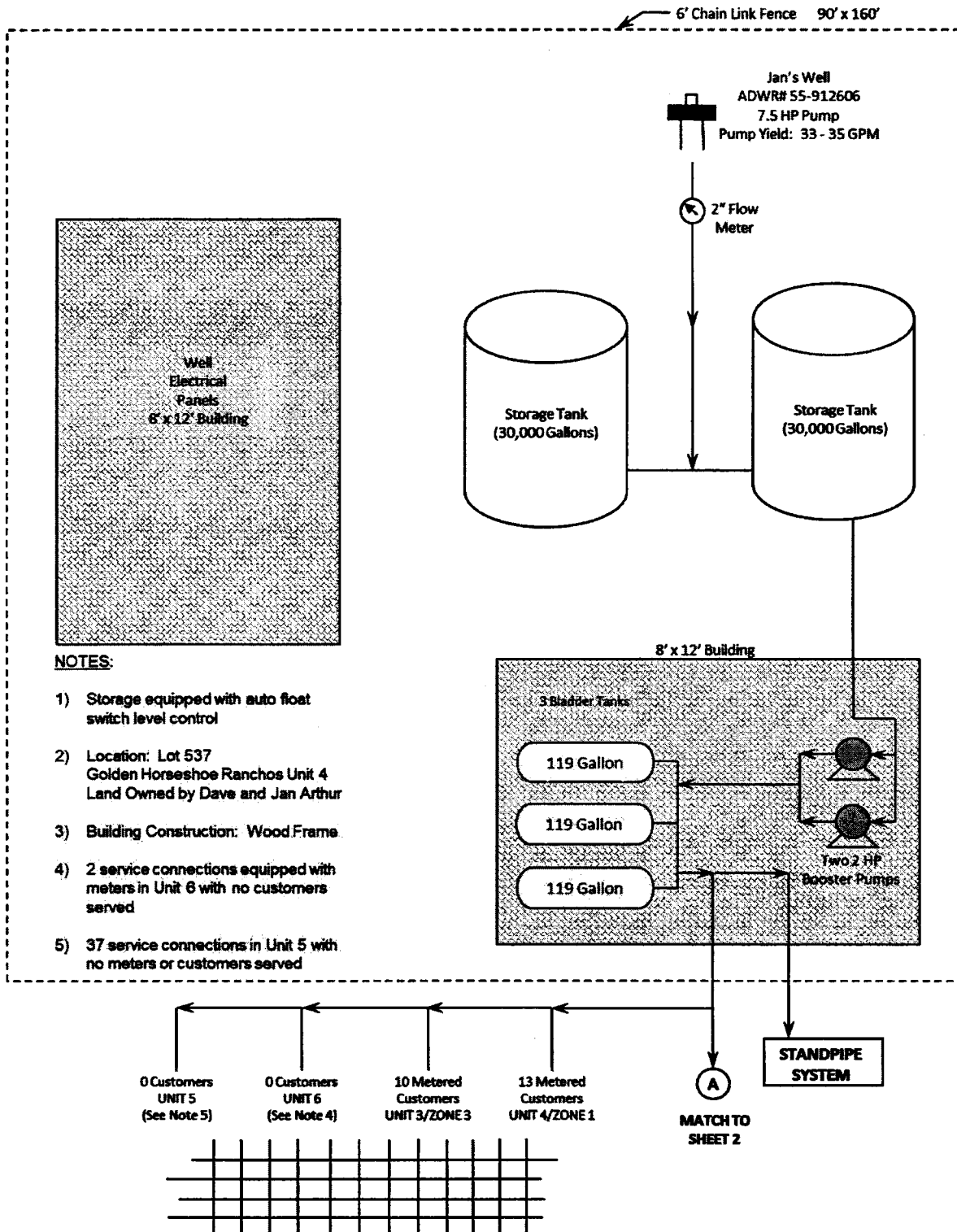


Figure 3B. Water System Schematic

**SCHEMATIC OF WHITE HILLS WATER COMPANY, INC. UNITS 346
 PWSID NO. 08-039
 SHEET 2 OF 2**

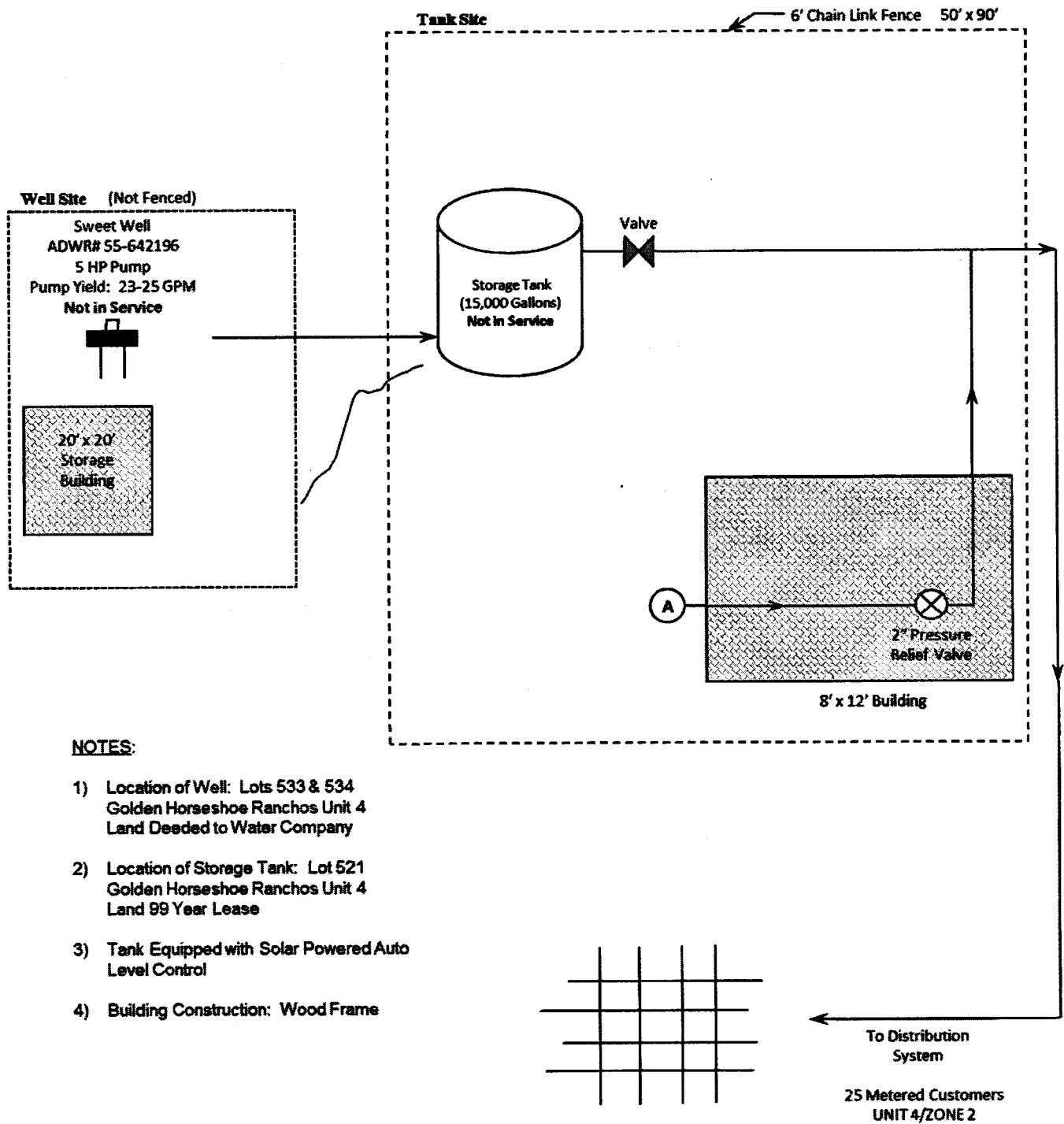


Figure 3C. Water System Schematic

C. WATER USE

Water Sold

PWS #08-039

Figure 4A represents the water consumption data provided by White Hills for the test year ending December 31, 2012. Customer consumption included a high monthly water use of 96 gallons per day ("gpd") per connection in May, and the low water use of 47 gpd per connection in January. The average daily demand during the twelve-month period was approximately 67 gpd per connection.

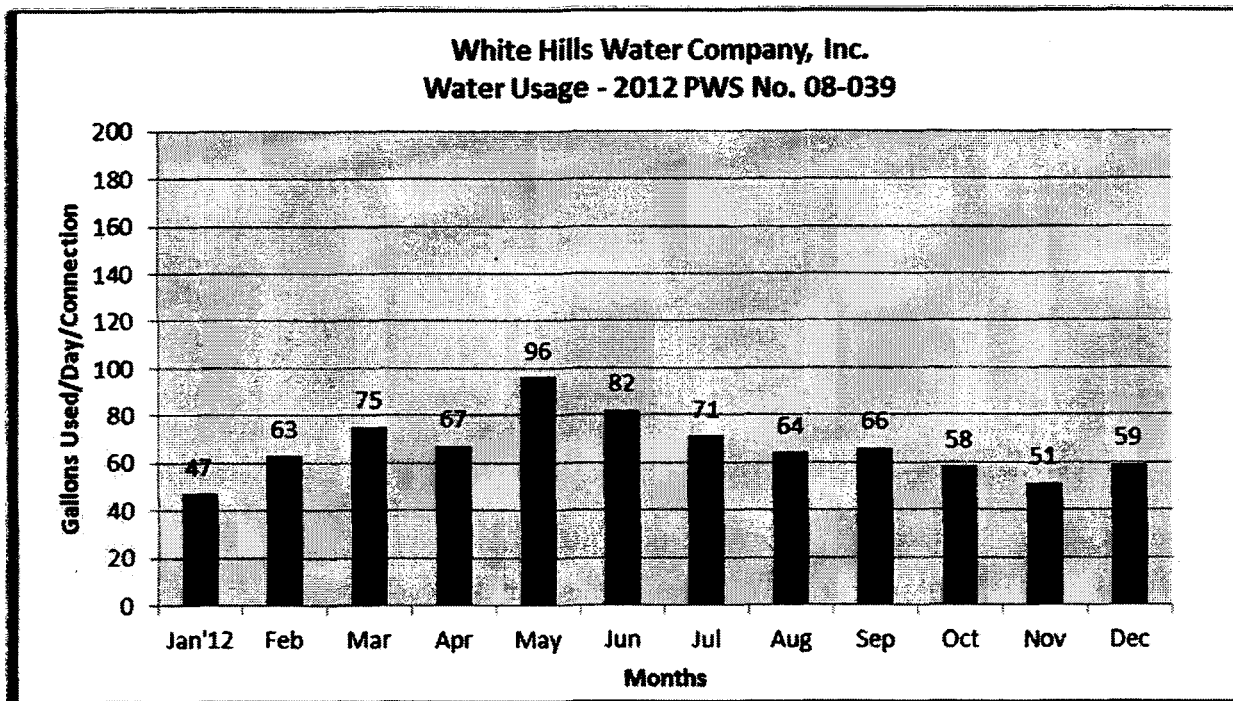


Figure 4A. Water Use

PWS #08-149

Figure 4B represents the water consumption data provided by White Hills for the test year ending December 31, 2012. Customer consumption included a high monthly water use of 182 gallons per day gpd per connection in September, and the low water use of 65 gpd per connection in February. The average daily demand during the twelve-month period was approximately 116 gpd per connection.

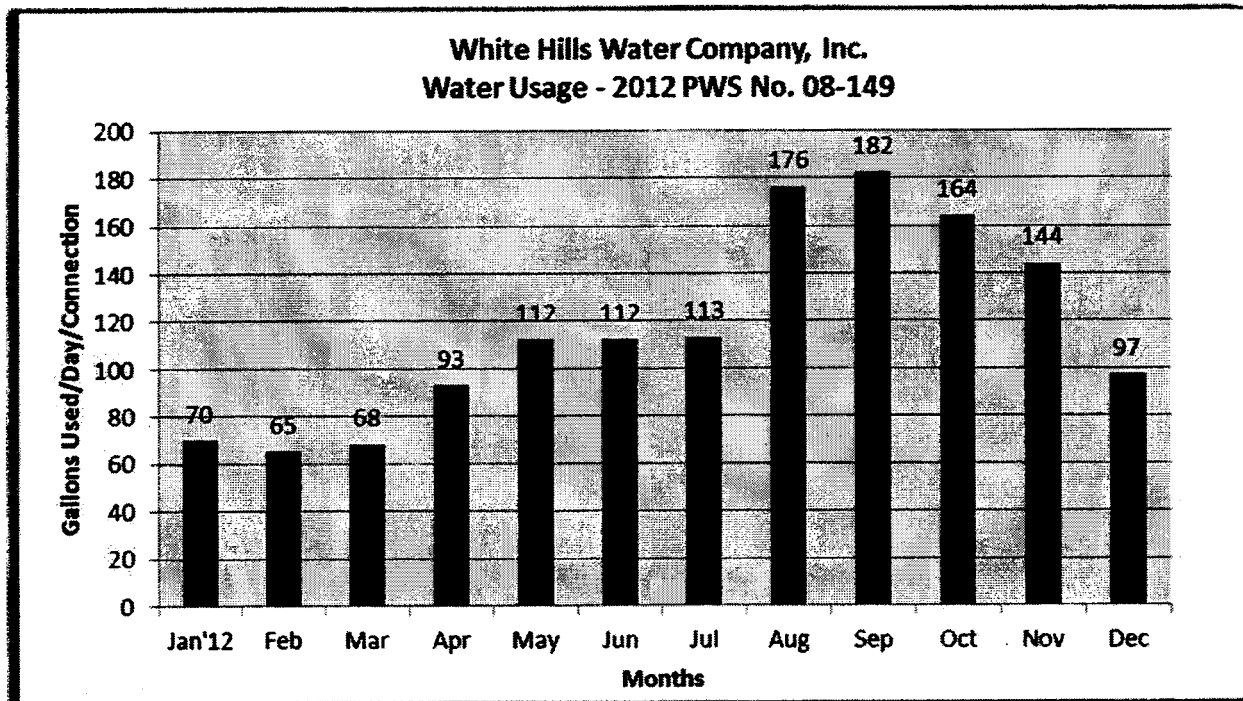


Figure 4B. Water Use

Non-accounted For Water

Non-accounted for water should be 10 percent or less. It is important to be able to reconcile the difference between water sold and the water produced by the source. A water balance will allow a company to identify water and revenue losses due to leakage, theft, and flushing. Non-accounted for water could not be calculated for White Hills because of a lack of sufficient data.

Staff noted during its review of the water use data sheets in the Company's annual reports for the test year and prior years that the amount of water pumped by the Company's wells was missing, it does not appear this information was recorded and tracked even though the Company's wells are equipped with meters.

Staff recommends that White Hills monitor water use for both systems and report water losses on a monthly basis in its Annual Reports to the Commission.⁵ The Company shall coordinate the reading from the well production meters and individual customer meters and report the results per system in its Annual Reports going forward. Staff further recommends that if the reported water loss is greater than 10 percent for either system White Hills shall prepare a water loss reduction report containing a detailed analysis and plan to reduce water loss to 10

⁵ White Hills shall collect the data needed to accurately complete the water use data sheets contained in the Annual Report form.

percent or less for that particular system. If White Hills believes it is not cost effective to reduce the water loss to less than 10 percent, White Hills should submit a detailed cost benefit analysis to support its opinion. In no case shall the White Hills allow water loss to be greater than 15 percent for either system. The water loss reduction report or the detailed cost benefit analysis, whichever is submitted per this recommendation, shall be docketed as a compliance item no later than April 30th of the year following the excessive water loss.

System Analysis

PWS #08-039

This water system has one well that produces water at a rate of approximately 33 gallons per minute ("gpm"). The system has two 30,000-gallon storage tanks. There are no fire hydrants in the distribution system, and the system is not subject to a formal fire flow requirement.

During the peak month, May 2012, the water system was serving 52 connections and a standpipe when White Hills reported 155,450 gallons of water sold. Average daily demand for the month of May 2012 was determined to be 5,015 gpd. Staff concludes that the White Hills water system has adequate production and storage capacity to serve the present customer base and any reasonable growth.

PWS #08-149

This water system has one active well that produces water at a rate of approximately 23 gpm. The water system has one 20,000-gallon storage tank. There are no fire hydrants in the distribution system, and the system is not subject to a formal fire flow requirement.

During the peak month, September 2012, the water system was serving 37 connections and a standpipe when White Hills reported 201,854 gallons of water sold. Average daily demand for the month of May 2012 was determined to be 6,728 gpd. Staff concludes that the White Hills water system has adequate production and storage capacity to serve the present customer base and any reasonable growth.

D. GROWTH

The number of metered connections remained the same between 2009 and 2012. White Hills reported a total of 92 metered connections during this period.⁶ White Hills currently serves only residential customers, the Company does not expect any commercial development in its service area. The Company anticipates that growth will occur in the area when economic conditions improve but no change in the customer base is expected until then.

⁶ Staff's historical growth figures are based on the data reported by White Hills in its annual reports submitted to the Commission.

E. ADEQ COMPLIANCE

Compliance

ADEQ regulates the White Hills water systems under ADEQ PWS Nos. 08-039 and 08-149. ADEQ Compliance Status Reports, dated October 13, 2013, indicate that the White Hills water systems have no major monitoring or reporting deficiencies, and are currently delivering water that meets water quality standards required by 40 CFR 141 (National Primary Drinking Water Regulations) and Arizona Administrative Code, Title 18, Chapter 4.

Water Testing Expense

In addition to Total Coliform and Lead & Copper, both of White Hill's water systems are subject to mandatory participation in the Monitoring Assistance Program ("MAP").⁷ PWS #08-149 is also required to test for Arsenic once per year. The Company reported water testing expenses of \$1,891.95 (including the MAP fee) during the test year. The monitoring and testing expenses, that were reviewed, evaluated, and recalculated by Staff, are represented in Table B for PWS #08-039 and PWS #08-149. Staff recommends an annual water testing expense of \$1,558 be used for purposes of this application.

Table B. Water Testing Costs

Monitoring PWS #08-039	Cost per Test	Quantity of Tests per 3 years	Annual Testing Cost
Total Coliform	\$20	36	\$240
MAP – IOCs, Radiochemical, Nitrate, Nitrite, Asbestos, SOCs, & VOCs	MAP	MAP	\$382 (Note 1)
Lead & Copper	\$45	15 (Note 2)	\$225
Total Annual Cost	-	-	\$847
Monitoring PWS #08-0149	Cost per Test	Quantity of Tests per 3 years	Annual Testing Cost
Total Coliform	\$20	36	\$240
MAP – IOCs, Radiochemical, Nitrate, Nitrite, Asbestos, SOCs, & VOCs	MAP	MAP	\$350 (Note 3)
Lead & Copper	\$45	5 (Note 4)	\$75
Arsenic/Metal Preparation	\$46	3 (Note 5)	\$46
Total Annual Cost	-	-	\$711
Total Annual Costs (PWS #08-039 & #08-149)	-	-	\$1,558

1) The ADEQ MAP invoice for Calendar Year 2012 was \$381.52, 2) Assumes lead and copper testing will remain at five (5) tests annually, 3) The ADEQ MAP invoice for Calendar Year 2012 was \$350.43, 4) Assumes lead and copper testing will remain at five (5) tests triennially, 5) Assumes Arsenic will remain at one (1) test per year.

⁷ The MAP program is mandatory for water systems, which serve less than 10,000 persons (approximately 3,300 service connections).

Certified Operator Fees

The certified operator charges the Company \$100 per system per month totalling \$200 per month. The operator drives from Bullhead City each month to take the monthly microbiological samples to the lab and does any other testing as required, plus the other duties of a certified operator. Engineering Staff finds the certified operator fee of \$200 per month reasonable especially given the remote location of this water company.

F. ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE

The White Hills service area is not located within an ADWR Active Management Area. ADWR has determined that White Hills is currently in compliance with departmental requirements governing water providers and/or community water systems.⁸

G. ACC COMPLIANCE

A check of the Utilities Division Compliance Section database showed that there are currently no delinquent Commission compliance items for White Hills.⁹

H. DEPRECIATION RATES

Staff's typical and customary depreciation rates, which vary by National Association of Regulatory Utility Commissioners ("NARUC") plant categories, are illustrated in Table C. These rates represent typical and customary values within a range of anticipated equipment life. Staff recommends that White Hills use the depreciation rates presented in Table C.

⁸ Per ADWR Water Provider Compliance Status Report dated September 17, 2013.

⁹ Per Compliance Section email dated October 2, 2013.

Table C. Depreciation Rate Table for Water Companies

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
310	Power Generation Equipment	20	5.00
311	Pumping Equipment	8	12.5
320	Water Treatment Equipment		
320.1	Water Treatment Plants	30	3.33
320.2	Solution Chemical Feeders	5	20.00
320.3	Point-of-Use Treatment Devices	10	10.00
330	Distribution Reservoirs & Standpipes		
330.1	Storage Tanks	45	2.22
330.2	Pressure Tanks	20	5.00
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33
334	Meters	12	8.33
335	Hydrants	50	2.00
336	Backflow Prevention Devices	15	6.67
339	Other Plant & Misc Equipment	15	6.67
340	Office Furniture & Equipment	15	6.67
340.1	Computers & Software	5	20.00
341	Transportation Equipment	5	20.00
342	Stores Equipment	25	4.00
343	Tools, Shop & Garage Equipment	20	5.00
344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00
348	Other Tangible Plant	---	-----

I. OTHER ISSUES

1. Service Line and Meter Installation Charges

White Hills has proposed to increase its existing service line and meter installation charges.¹⁰ The proposed charges are refundable advances (refunding is required over ten years independent of the revenue generated). Since White Hills may at times install meters on existing service lines, it would be appropriate for some customers to only be charged for the meter installation.

Staff recommends that meter sizes 3-inches and larger be priced at cost. In addition, at cost pricing would apply if installation requires the use of heavy equipment such as a backhoe or involves crossing an improved road. Staff further recommends that the service line and meter installation charges listed under "Staff's Recommendation" in Table D be adopted.

Table D. Service Line and Meter Installation Charges

Meter Size	Company Proposed				Staff's Recommendation		
	Company Current Tariff	Service Line Charge	Meter Charge	Total Charge	Service Line Charge	Meter Charge	Total Charge (Note 1)
5/8 x 3/4-inch	\$100	\$1,200	\$350	\$1,550	\$565	\$158	\$723
3/4-inch	\$120	-	-	-	\$565	\$260	\$825
1-inch	\$160	-	-	-	\$629	\$321	\$950
1-1/2-inch	\$300	-	-	-	\$699	\$536	\$1,235
2-inch Turbine	\$400	\$1,200	\$1,500	\$2,700	\$1,054	\$1,066	\$2,120
3-inch Turbine	-	-	-	-	-	-	At Cost
4-inch Turbine	-	-	-	-	-	-	At Cost
6-inch Turbine	-	-	-	-	-	-	At Cost

Notes: 1) At cost pricing would apply if installation requires the use of heavy equipment such as a backhoe or involves crossing an improved road.

2) At cost pricing would apply for meter sizes larger than two inches.

2. Curtailment Tariff

White Hills has an approved Curtailment Tariff on file with the Commission.

3. Backflow Prevention Tariff

White Hills has an approved Backflow Prevention Tariff on file with the Commission.

¹⁰ The Company's current charges were approved in Decision No. 54305 and became effective February 1, 1985.

4. Best Management Practices ("BMP") Tariff

Based on discussion with Staff, White Hills has selected three tariffs for implementation in its service area. The three proposed tariffs include the Public Education Program Tariff, 2.3 (New Homeowner Landscape Information Tariff) and 5.2 (Water System Tampering Tariff). Staff concludes that these BMP Tariffs are relevant to White Hills' service area. Staff recommends approval of the three BMP tariffs selected, attached hereto as Exhibit A.

Staff further recommends that White Hills notify its customers, in a form acceptable to Staff, of the BMP Tariffs approved by the Commission and their effective date by means of either an insert in the next regularly scheduled billing or by a separated mailing and shall provide copies of the BMP Tariffs to any customer upon request. Staff will file a letter in the Docket confirming that White Hills' tariffs have been updated with the tariffs approved by the Commission. The tariffs shall go into effect 30 days after the date notice is sent to customers. White Hills may request cost recovery of the actual costs associated with the BMPs implemented in its next general rate application.

5. Clarification of Certain Plant Additions

The bills for services provided by Mohave Engineering Associates ("MEA") totaling \$16,087 (\$11,359 + \$4,728) are for engineering 'as-built' drawings and documentation which were needed to bring the water system(s) into compliance with ADEQ. Engineering Staff finds the charges for MEA services reasonable and appropriate.

J. CC&N APPLICATION (DOCKET NO. W-01982A-14-0009)

Introduction

The Commission in Decision No. 65649, dated February 18, 2003, rescinded White Hills' CC&N granted in Decision No. 38386 due to the Company's failure to file its 2001 Utility Annual Report. On August 29, 2013, the Company filed in Docket No. W-01982A-13-0285 a request for reinstatement of the CC&N revoked in Decision No. 65649 stating that all annual reports had been submitted. On January 10, 2014, the Company filed an application in Docket No. W-01982A-14-0009 to extend its CC&N to include Golden Horseshoe Ranchos Subdivision Unit 1 the Company has been serving Unit 1 since 1998. The Company also requested to extend its CC&N to include a portion of Section 19 Township 27 North, Range 19 West in Mohave County, Arizona (referred to as Golden Horseshoe Ranchos Subdivision Unit 5). The proposed Unit 5 extension area includes specific lots where facilities have been installed at the developer's expense to serve the lots when economic conditions improve and the lots are sold. The Company again requested reinstatement of the CC&N revoked in Decision No. 65649. Staff filed its letter of sufficiency in Docket No. W-01982A-14-0009 on February 7, 2014. Since the Company is seeking all of the CC&N area in this Docket that is sought in Docket No. W-01982A-13-0285, Docket No. W-01982A-13-0285 was administratively closed on February 28, 2014.

Staff's Review and Conclusions

The Company provided Staff with maps of the Golden Horseshoe Ranchos Subdivision and the White Hills water system. These maps were prepared by MEA (engineering consultants to the Company). The maps show the location of existing customers and the Company's distribution system facilities. Facilities that have been installed to serve future customers are also shown on these maps. As previously discussed in this report, Staff concludes that White Hills has adequate production and storage capacity to serve the present customer base and reasonable growth. The owners of the Company live in Maricopa County and must commute several hours one-way by car when issues arise that need their immediate attention. Local resources are very limited and most contractors commute from the Kingman area which adds significantly to Company expenses. The Company anticipates that growth will occur in the area when economic conditions improve but no change in the customer base is expected until then.

The Utilities Division mapping section issued its memorandum for the White Hills CC&N application in Docket No. W-01982A-14-0009 on February 4, 2014. Attachment C to the memorandum is a map of Staff's recommended CC&N service area and Attachment C-2 is the associated legal description. Staff's recommended CC&N includes areas where the Company has existing customers or where facilities have been installed at the developer's expense to serve specific lots. Staff recommends including the specific lots of Unit 5 extension area even though there are no existing customers served by the Company in that area.

EXHIBIT A

BEST MANAGEMENT PRACTICES (BMPs)

Company: White Hills Water Company, Inc.

Decision No.: _____

Phone: 480-981-0559

Effective Date: _____

Public Education Program Tariff

PURPOSE

A program for the Company to provide free written information on water conservation measures to its customers and to remind them of the importance of conserving water (Required Public Education Program).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company shall provide two newsletters to each customer; one to be provided in the spring, the other in the fall. The goal of the letters is to provide timely information to customers in preparation of the hot summer months, and the cold winter months, in regards to their water uses. The Company shall remind customers of the importance of water conservation measures and inform them of the information available from the Company.
2. Information in the newsletters shall include water saving tips, home preparation recommendations for water systems/pipes, landscape maintenance issues for summer and winter, water cistern maintenance reminders and additional pertinent topics. Where practical, the Company shall make this information available in digital format which can be e-mailed to customers upon request or posted on the Company's website.
3. Communication channels shall include one or more of the following: water bill inserts, messages on water bills, Company web page, post cards, e-mails and special mailings of print pieces, whichever is the most cost-effective and appropriate for the subject at hand.
4. Free written water conservation materials shall be available in the Company's business office and the Company shall send information to customers on request.
5. The Company may distribute water conservation information at other locations such as libraries, chambers of commerce, community events, etc., as well.
6. The Company shall keep a record of the following information and make it available to the Commission upon request.
 - a. A description of each communication channel (i.e., the way messages will be provided) and the number of times it has been used.
 - b. The number of customers reached (or an estimate).
 - c. A description of the written water conservation material provided free to customers.

Company: White Hills Water Company, Inc.

Decision No.: _____

Phone: 480-981-0559

Effective Date: _____

New Homeowner Landscape Information Tariff – BMP 2.3

PURPOSE

A program for the Company to promote the conservation of water by providing a landscape information package for the purpose of educating its new customers about low water use landscaping (Modified Non-Per Capita Conservation Program BMP Category 2: Conservation Education and Training 2.3: New Homeowner Landscape Information).

REQUIREMENTS:

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. Upon establishment of water service the Company shall provide a free "Homeowner Landscape Packet" to each new customer in the Company's service area. The packet will include at a minimum: a cover letter describing the water conservation expectations for all customers in the Company's service area, all applicable tariffs, a basic interior-exterior water saving pamphlet, xeriscape landscape information, and information on where to find low water use plant lists, watering guidelines, and a rain water harvesting pamphlet.
2. Upon customer request, the Company shall provide:
 - a. On-site consultations on low water use landscaping and efficient watering practices.
 - b. A summary of water saving options.
3. The number of packets provided to new customers will be recorded and made available to the Commission upon request.

Company: White Hills Water Company, Inc.

Decision No.: _____

Phone: 480-981-0559

Effective Date: _____

WATER SYSTEM TAMPERING TARIFF – BMP 5.2

PURPOSE

The purpose of this tariff is to promote the conservation of groundwater by enabling the Company to bring an action for damages or to enjoin any activity against a person who tampers with the water system.

REQUIREMENTS:

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission, specifically Arizona Administrative Code ("AAC") R14-2-410 and the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. In support of the Company's water conservation goals, the Company may bring an action for damages or to enjoin any activity against a person who: (1) makes a connection or reconnection with property owned or used by the Company to provide utility service without the Company's authorization or consent; (2) prevents a Company meter or other device used to determine the charge for utility services from accurately performing its measuring function; (3) tampers with property owned or used by the Company; or (4) uses or receives the Company's services without the authorization or consent of the Company and knows or has reason to know of the unlawful diversion, tampering or connection. If the Company's action is successful, the Company may recover as damages three times the amount of actual damages.
2. Compliance with the provisions of this tariff will be a condition of service.
3. The Company shall provide to all its customers, upon request, a complete copy of this tariff and AAC R14-2-410. The customers shall follow and abide by this tariff.
4. If a customer is connected to the Company water system and the Company discovers that the customer has taken any of the actions listed in No. 1 above, the Company may terminate service per AAC R14-2-410.

If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

MEMORANDUM

TO: Blessing Chukwu
Executive Consultant III
Utilities Division

FROM: Lori H. Miller *LHM*
GIS Specialist
Utilities Division

THRU: Del Smith *DS*
Engineering Supervisor
Utilities Division

DATE: February 4, 2014

RE: **WHITE HILLS WATER COMPANY, INC. (DOCKET NO. W-01982A-14-0009)**

The area requested by White Hills ("Company") for reinstatement of its CC&N has been plotted as follows:

- Attachment A is the Company's original CC&N before revocation.
- Attachment B is the area the Company is requesting for its CC&N. The legal description is the one filed in the Company's application, but for purposes of this memo, is labeled as Attachment B-2.
- Attachment C is Staff's recommended CC&N service area with map and legal description (Attachment C-2).

/lhm

Attachment

cc: Mr. and Mrs. David Arthur
Mr. Del Smith
Ms. Deb Person (Hand Carried)
File

MOHAVE COUNTY

Map No. 28

RANGE 19 West

06	05	04	03	02	01
07	08	09	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

TOWNSHIP 27 North

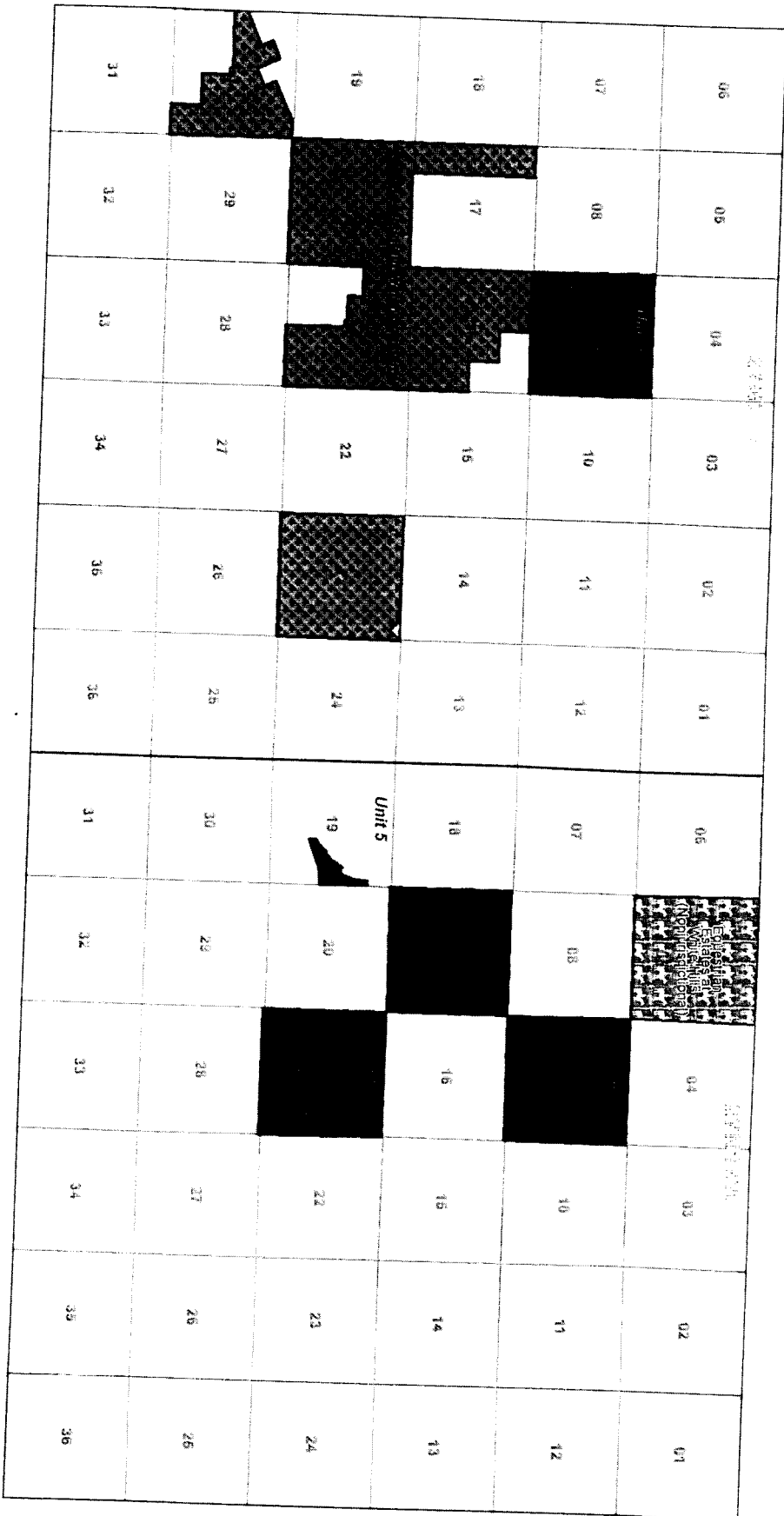


W-01982A (1)

White Hills Water Company, Inc.
Original CC&N revoked by Decision No. 65649

Attachment A

MOHAWA COUNTY



Company Requested Area

WHITE HILLS WATER COMPANY
DOCKET NO. W-01982A-13-0285
LEGAL DESCRIPTION

All of **Section 9** (Golden Horseshoe Ranchos **Unit 3**), all of **Section 17** (Golden Horseshoe Ranchos **Unit 4**) and all of **Section 21** (Golden Horseshoe Ranchos **Unit 6**), Township 27 North, Range 19 West, and all of **Section 9** (Golden Horseshoe Ranchos **Unit 1**) Township 27 North, Range 20 West, of the Gila and Salt River Base and Meridian, Mohave County, Arizona.

That portion of **Section 19** (Golden Horseshoe Ranchos **Unit 5** – Lots 272 through 307), Township 27 North, Range 19 West, further described as follows:

Beginning at the Northeast corner of said Section 19;

Thence S 00° 00' 30" W a distance of 981.91 feet to a point on the east section line;

Thence West a distance of 35 feet to the northeast corner of Lot 272 and the POINT OF BEGINNING;

Thence West a distance of 232.80 feet to the beginning of a curve to the right having a radius of 2267.63 feet, an angle of 30°, and a tangent direction of S 00° 00' 30" W;

Thence S 30° 00' W a distance of 79.38 feet;

Thence N 60° 00' W a distance of 250 feet;

Thence S 30° 00' W a distance of 117.70 feet to the beginning of a curve to the right having a radius of 1139.36 feet and an angle of 15°;

Thence S 45° 00' W a distance of 490.41 feet to the beginning of a curve to the right having a radius of 30 feet and a length of 77.43 feet;

Thence S 42° 53' W a distance of 508.21 feet;

Thence S 72° 10' W a distance of 237.14 feet;

Thence South a distance of 293.71 feet;

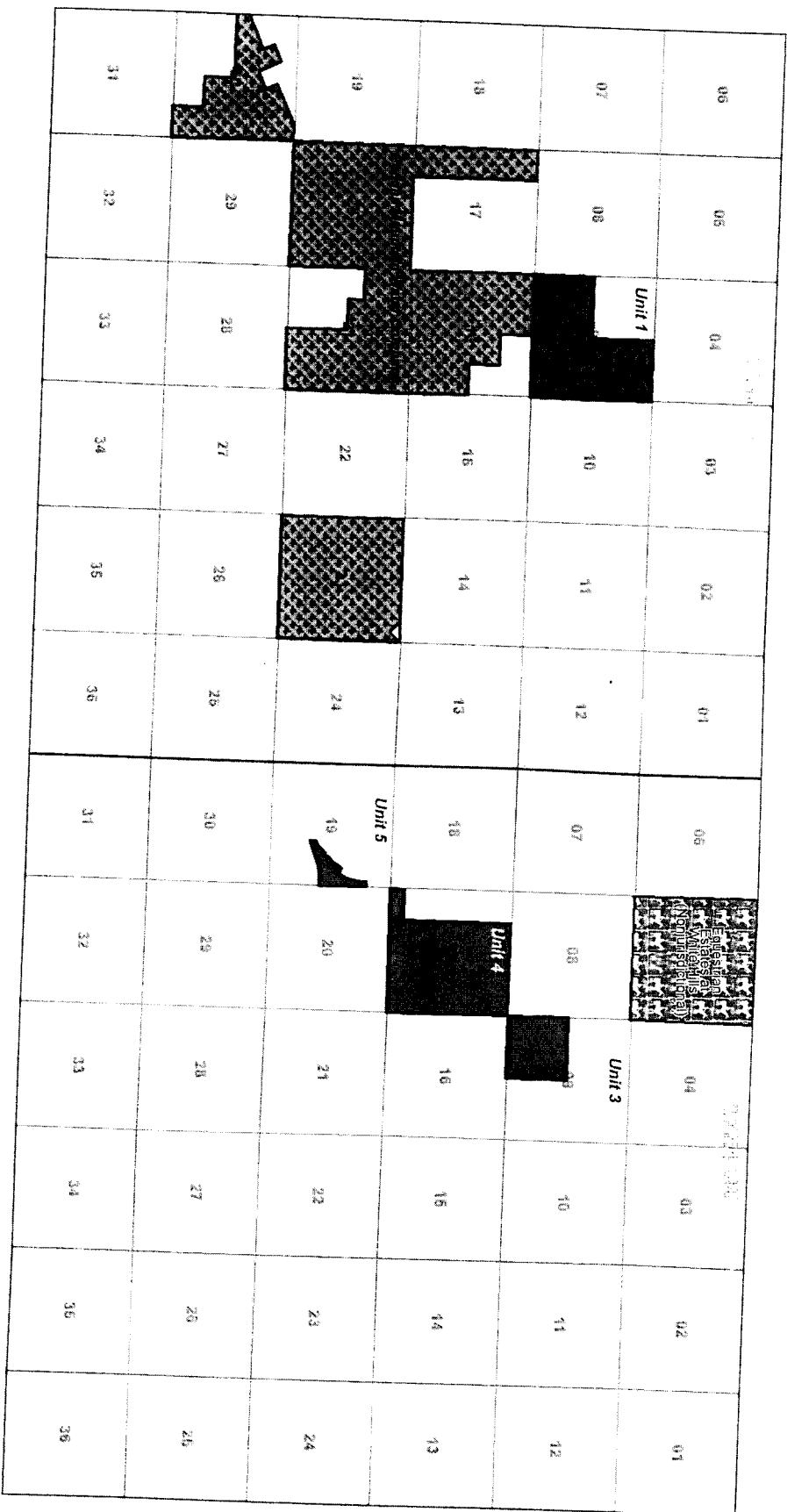
Thence N 72° 10' E a distance of 1150.61 feet to the beginning of a curve to the right having a radius of 1274.75 feet and an angle of 17° 50';

Thence East a distance of 459.00 feet;

Thence N 01° 14' 30" E a distance of 361.43 feet;

Thence N 00° 00' 30" E a distance of 1682.04 feet, more or less, to the POINT OF BEGINNING.

MOHAWH COUNTY



Attachment C

WHITE HILLS WATER COMPANY
DOCKET NO. W-01982A-13-0285
STAFF'S RECOMMENDED LEGAL DESCRIPTION

The Southwest Quarter of **Section 9** (Golden Horseshoe Ranchos **Unit 3**), the East Half and East Half of the West Half and the South Half of the Southwest Quarter of the Southwest Quarter of **Section 17** (Golden Horseshoe Ranchos **Unit 4**), Township 27 North, Range 19 West, and the East Half and the Southwest Quarter of **Section 9** (Golden Horseshoe Ranchos **Unit 1**) Township 27 North, Range 20 West, of the Gila and Salt River Base and Meridian, Mohave County, Arizona.

That portion of **Section 19** (Golden Horseshoe Ranchos **Unit 5** – Lots 272 through 307), Township 27 North, Range 19 West, further described as follows:

Beginning at the Northeast corner of said Section 19;

Thence S 00° 00' 30" W a distance of 981.91 feet to a point on the east section line;

Thence West a distance of 35 feet to the northeast corner of Lot 272 and the POINT OF BEGINNING;

Thence West a distance of 232.80 feet to the beginning of a curve to the right having a radius of 2267.63 feet, an angle of 30°, and a tangent direction of S 00° 00' 30" W;

Thence S 30° 00' W a distance of 79.38 feet;

Thence N 60° 00' W a distance of 250 feet;

Thence S 30° 00' W a distance of 117.70 feet to the beginning of a curve to the right having a radius of 1139.36 feet and an angle of 15°;

Thence S 45° 00' W a distance of 490.41 feet to the beginning of a curve to the right having a radius of 30 feet and a length of 77.43 feet;

Thence S 42° 53' W a distance of 508.21 feet;

Thence S 72° 10' W a distance of 237.14 feet;

Thence South a distance of 293.71 feet;

Thence N 72° 10' E a distance of 1150.61 feet to the beginning of a curve to the right having a radius of 1274.75 feet and an angle of 17° 50';

Thence East a distance of 459.00 feet;

Thence N 01° 14' 30" E a distance of 361.43 feet;

Thence N 00° 00' 30" E a distance of 1682.04 feet, more or less, to the POINT OF BEGINNING.